

<i>SERFF Tracking Number:</i>	<i>AGNY-125679679</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Granite State Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AIC-08-CP-02</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Commercial Property Extension Program - 151640288</i>		
<i>Project Name/Number:</i>	<i>Commercial Property Extension Program/AIC-08-CP-02</i>		

Filing at a Glance

Companies: Granite State Insurance Company, New Hampshire Insurance Company

Product Name: Commercial Property Extension SERFF Tr Num: AGNY-125679679 State: Arkansas
Program - 151640288

TOI: 01.0 Property	SERFF Status: Closed	State Tr Num: EFT \$50
Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)	Co Tr Num: AIC-08-CP-02	State Status: Fees verified and received
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins
	Author: Janine Graham	Disposition Date: 06/17/2008
	Date Submitted: 06/06/2008	Disposition Status: Approved
Effective Date Requested (New): 07/07/2008		Effective Date (New): 07/07/2008
Effective Date Requested (Renewal): 07/07/2008		Effective Date (Renewal): 07/07/2008

State Filing Description:

General Information

Project Name: Commercial Property Extension Program
Project Number: AIC-08-CP-02

Reference Organization: N/A

Reference Title: N/A

Filing Status Changed: 06/17/2008

State Status Changed: 06/12/2008

Corresponding Filing Tracking Number: AGNY-125685900

Filing Description:

The referenced companies submit for your review and approval their Commercial Property Extension Program (the "Program"). This Program revises the ISO Building and Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form and Causes of Loss – Special Form.

Status of Filing in Domicile: Pending

Domicile Status Comments: This filing is being submitted simultaneously in all states.

Reference Number: N/A

Advisory Org. Circular: N/A

Deemer Date:

SERFF Tracking Number: AGNY-125679679 State: Arkansas

First Filing Company: Granite State Insurance Company, ... State Tracking Number: EFT \$50

Company Tracking Number: AIC-08-CP-02

TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Product Name: Commercial Property Extension Program - 151640288

Project Name/Number: Commercial Property Extension Program/AIC-08-CP-02

Please refer to the attached Forms Listing and Explanatory Memorandum for information about the forms included in this submission.

Company and Contact

Filing Contact Information

Janine Graham, Filings Analyst Janine.Graham@AIG.com
 175 Water Street (212) 458-7463 [Phone]
 New York, NY 10038 (212) 458-7077[FAX]

Filing Company Information

Granite State Insurance Company	CoCode: 23809	State of Domicile: Pennsylvania
70 Pine Street	Group Code:	Company Type:
New York, NY 10270	Group Name:	State ID Number:
(212) 770-7000 ext. [Phone]	FEIN Number: 02-0140690	

New Hampshire Insurance Company	CoCode: 23841	State of Domicile: Pennsylvania
70 Pine Street	Group Code:	Company Type:
New York, NY 10270	Group Name:	State ID Number:
(212) 770-7000 ext. [Phone]	FEIN Number: 02-0172170	

Filing Fees

Fee Required? Yes

Fee Amount: \$50.00

Retaliatory? No

Fee Explanation: \$50.00 - Form filing per group

Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Granite State Insurance Company	\$50.00	06/06/2008	20712394
New Hampshire Insurance Company	\$0.00	06/06/2008	

<i>SERFF Tracking Number:</i>	<i>AGNY-125679679</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Granite State Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AIC-08-CP-02</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Commercial Property Extension Program - 151640288</i>		
<i>Project Name/Number:</i>	<i>Commercial Property Extension Program/AIC-08-CP-02</i>		

Correspondence Summary

Dispositions

Status	Created By	Created On	Date Submitted
Approved	Llyweyia Rawlins	06/17/2008	06/17/2008

<i>SERFF Tracking Number:</i>	<i>AGNY-125679679</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Granite State Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AIC-08-CP-02</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Commercial Property Extension Program - 151640288</i>		
<i>Project Name/Number:</i>	<i>Commercial Property Extension Program/AIC-08-CP-02</i>		

Disposition

Disposition Date: 06/17/2008
Effective Date (New): 07/07/2008
Effective Date (Renewal): 07/07/2008
Status: Approved
Comment:

Rate data does NOT apply to filing.

Overall Rate Information for Multiple Company Filings

Overall Percentage Rate Indicated For This Filing	0.000%
Overall Percentage Rate Impact For This Filing	0.000%
Effect of Rate Filing-Written Premium Change For This Program	\$0
Effect of Rate Filing - Number of Policyholders Affected	0

SERFF Tracking Number: AGNY-125679679 State: Arkansas
First Filing Company: Granite State Insurance Company, ... State Tracking Number: EFT \$50
Company Tracking Number: AIC-08-CP-02
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Product Name: Commercial Property Extension Program - 151640288
Project Name/Number: Commercial Property Extension Program/AIC-08-CP-02

Item Type	Item Name	Item Status	Public Access
Supporting Document	Uniform Transmittal Document-Property & Casualty	Approved	Yes
Supporting Document	Explanatory Memorandum	Approved	Yes
Supporting Document	Forms Listing	Approved	Yes
Form	Additional Coverages - Human Services	Approved	Yes
Form	Common Policy Declarations	Approved	Yes
Form	Building and Personal Property Coverage Form	Approved	Yes
Form	Equipment Breakdown Exclusion	Approved	Yes
Form	Contractors Amendatory Endorsement	Approved	Yes
Form	Financial Institutions Amendatory Endorsement	Approved	Yes
Form	Supplemental Declarations	Approved	Yes
Form	Business Income (And Extra Expense) Coverage Form	Approved	Yes
Form	Causes of Loss - Special Form	Approved	Yes
Form	Equipment Breakdown - Other Conditions Endorsement	Approved	Yes
Form	Blanket Limits Per Premises Endorsement	Approved	Yes
Form	Margin Clause Endorsement	Approved	Yes
Form	Commercial Property Conditions	Approved	Yes
Form	Common Policy Conditions	Approved	Yes
Form	Exclusion of Loss Due to Virus or Bacteria	Approved	Yes
Form	Arkansas Changes	Approved	Yes
Form	Arkansas Cancellation/Nonrenewal Endorsement	Approved	Yes

SERFF Tracking Number: AGNY-125679679 State: Arkansas

First Filing Company: Granite State Insurance Company, ... State Tracking Number: EFT \$50

Company Tracking Number: AIC-08-CP-02

TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Product Name: Commercial Property Extension Program - 151640288

Project Name/Number: Commercial Property Extension Program/AIC-08-CP-02

Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Additional Coverages - Human Services	76030	(4/08)	Endorsement/Amendment/Conditions		0.00	70630 (4-08) - Additional Coverages - Human Services.pdf
Approved	Common Policy Declarations	94858	(6/07)	Declaration News/Schedule		0.00	94858 (6-07) - Common Policy Declaration page (John Doe Version).pdf
Approved	Building and Personal Property Coverage Form	97064	(3/08)	Policy/Coverage Form		0.00	97064 (3-08) - Building and Property Coverage Form.pdf
Approved	Equipment Breakdown Exclusion	97065	(4/08)	Endorsement/Amendment/Conditions		0.00	97065 (4-08) - Equipment Breakdown Exclusion.pdf
Approved	Contractors Amendatory Endorsement	97066	(4/08)	Endorsement/Amendment/Conditions		0.00	97066 (4-08) - Contractors Amendatory End't.pdf
Approved	Financial Institutions Amendatory Endorsement	97068	(3/08)	Endorsement/Amendment/Conditions		0.00	97068 (3-08) - Financial Inst Amendatory End't.pdf
Approved	Supplemental Declarations	97069	(3/08)	Declaration News/Schedule		0.00	97069 (3-08) -

SERFF Tracking Number: AGNY-125679679 State: Arkansas
First Filing Company: Granite State Insurance Company, ... State Tracking Number: EFT \$50
Company Tracking Number: AIC-08-CP-02
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property Extension Program - 151640288
Project Name/Number: Commercial Property Extension Program/AIC-08-CP-02

						Supplemental Declarations. pdf
Approved	Business Income 97070 (And Extra Expense) Coverage Form	(3/08)	Policy/Coverage Form	0.00	97070 (3-08) - Business Income and Extra Expense.pdf	
Approved	Causes of Loss - 97072 Special Form	(5/08)	Policy/Coverage Form	0.00	97072 (3-08) - Causes of Loss - Special Form.pdf	
Approved	Equipment 97081 Breakdown - Other Conditions Endorsement	(4/08)	Endorsement/New Amendment/Conditions	0.00	97081 (4-08) - Equipment Breakdown - Other Conditions End't.pdf	
Approved	Blanket Limits 97091 Per Premises Endorsement	(5/08)	Endorsement/New Amendment/Conditions	0.00	97091 (5-08) - Blanket Limits Per Premises End't.pdf	
Approved	Margin Clause 97092 Endorsement	(5/08)	Endorsement/New Amendment/Conditions	0.00	97092 (5-08) - Margin Clause End't _Simplified_.pdf	
Approved	Commercial 97100 Property Conditions	(5/08)	Endorsement/New Amendment/Conditions	0.00	97100 (5-08) - Commercial Property Conditions.pdf	
Approved	Common Policy 97101	(5/08)	Endorsement/New	0.00	97101 (5-08)	

SERFF Tracking Number: AGNY-125679679 State: Arkansas
 First Filing Company: Granite State Insurance Company, ... State Tracking Number: EFT \$50
 Company Tracking Number: AIC-08-CP-02
 TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)

Product Name: Commercial Property Extension Program - 151640288
 Project Name/Number: Commercial Property Extension Program/AIC-08-CP-02

	Conditions			nt/Amendm ent/Condi tions		- Common Policy Conditions.p df
Approved	Exclusion of Loss 99079 Due to Virus or Bacteria		(5/08)	Endorseme New nt/Amendm ent/Condi tions	0.00	99079 (5-08) - Exclusion of Loss Due To Virus or Bacteria.pdf
Approved	Arkansas Changes	99019	(5/08)	Endorseme New nt/Amendm ent/Condi tions		99019 (5-08) - AR Changes.pdf
Approved	Arkansas Cancellation/Nonr enewal Endorsement	52131	(11/03)	Endorseme New nt/Amendm ent/Condi tions		52131 (11- 03) - AR Cancellation- Nonrenewal. xls.pdf

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m.

Forms a part of Policy No.

Issued to:

By:

ADDITIONAL COVERAGES – HUMAN SERVICES

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

CAUSES OF LOSS FORM – SPECIAL FORM

The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is amended to include the following:

I. Paragraph 2.b. of Section A. Coverage is deleted in its entirety and replaced by the following:

b. Animals, unless they are:

- (1) Owned by others and boarded by you, or if owned by you, only as “stock” while inside buildings; or
- (2) Assistance animals, including but not limited to guide animals such as seeing eye dogs, hearing animals, and service animals, owned by you, your “patient(s)” or your “resident(s)” while located at the premises described in the Declarations; or
- (3) Social / therapy animals that provide emotional support to your “patient(s)” or “resident(s)”, while located at the premises described in the Declarations.

The most we will pay for covered loss to animals in any one occurrence is \$10,000.

We will not pay for covered loss to animals in any one occurrence until the amount of loss exceeds \$250. No other Deductible applies to this Extension.

II. Subparagraphs 4.m. and 4.n. are added to Section A. Coverage as follows:

m. Property of Patient(s) or Resident(s)

We will pay for loss or damage to the following property caused by or resulting from a Covered Cause of Loss:

- (1) Your “patient(s)” or “resident(s)” personal property other than money and securities while at a described premises, or while in the due course of transit, or temporarily at a location you do not own, rent or regularly use in the operation of your services.

The most we will pay under this additional coverage for loss to your “patient(s)” or “resident(s)” personal property, other than money and securities, is \$5,000 any one “patient” or “resident”, and not more than \$25,000 at any one location, unless a higher limit is provided by endorsement hereto.

- (2) Money and securities belonging to your “patient(s)” or “resident(s)” while in your care, custody and control and inside the building at the described premises, or inside the premises of a bank.

With respect to this additional coverage, money means currency, coins, bank notes, bullion, traveler’s checks, registered checks and money orders; and securities means negotiable and non-negotiable instruments or contracts which represent money or other property, and includes tokens, tickets, revenue and other stamps and credit card receipts.

The most we will pay under this additional coverage for loss to your “patient(s)” or “resident(s)” money and securities, is \$500 any one “patient” or “resident”, and not more than \$5,000 at any one location, unless a higher limit is provided by endorsement hereto.

The following additional conditions apply to this additional coverage:

- (1) We will not pay for loss in any one occurrence until the amount of loss exceeds \$250. No other deductible applies to this additional coverage.
- (2) Regardless of the country of origin, the value of your "patient(s)" or "resident(s)" money in United States currency will be the cost to replace the money, based on the value as of the end of the last business day before the loss was discovered. We will not pay the loss of income or interest that occurs as the result of a loss.
- (3) The value of your "patient(s)" or "resident(s)" securities will be the actual cash value of the securities at the end of the last business day before the loss was discovered, or the cost to replace the securities, whichever is less. We will not pay the loss of income, interest, or dividends that occurs as the result of a loss.

n. Property Of Home Care Providers

We will pay for loss or damage to property owned by, or in the care, custody and control of, a home care provider where direct physical loss or damage is caused by a "patient(s)" placed by you, or on your behalf by a governmental agency, and is the result of a Covered Cause of Loss.

Property covered under this additional coverage is extended to include vehicles and self propelled machines.

The following additional conditions apply to this additional coverage:

- (1) We will not pay for loss in any one occurrence until the amount of loss exceeds \$250. No other deductible applies to this additional coverage;
- (2) If there is other insurance for property covered under this additional coverage, this insurance shall be primary; and
- (3) As used in this additional coverage, home care provider means a foster parent (or parents) paid by you, or an appropriate government agency, to care for one or more of your "patients" on a continuous basis, away from your premises.

The most we will pay under this additional coverage is \$25,000 for any one home care provider, and at any one location.

Our payment for loss or damage to property of a home care provider will only be for the account of the owner of the property.

III. Subparagraph 5.b. of Section A. Coverage is deleted in its entirety and replaced by the following:

b. Personal Effects And Property Of Others

The insurance that applies to Your Business Personal Property is extended to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees and volunteers. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

The BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM is amended to include the following:

I. Subparagraph d. is added to Section 6. Coverage Extension of Section A. Coverage as follows:

d. Emergency Vacating Expenses

This insurance is extended to apply to the reasonable expenses that you incur in the emergency vacating of the premises described in the Declarations.

For the purposes of this coverage extension, emergency means imminent danger arising from an external event or a condition at the described premises which would cause loss of life or harm to your "patient(s)" or "resident(s)".

We will not pay for any expenses under this Extension arising out of:

- (1) A strike, bomb threat or false fire alarm, unless vacating is ordered by a civil authority;
- (2) A planned vacating drill;
- (3) The vacating of one or more "patient(s)" or "resident(s)" that is due and confined to their individual medical condition; or
- (4) Any of the following, to the extent these causes of loss are excluded in Section **B. Exclusions** of the Enhanced Causes of Loss Form:
 - (a) Governmental Action;
 - (b) Nuclear Hazard; and
 - (c) War and Military Action.

No other exclusions in your policy apply to this coverage extension.

The most we will under this Coverage Extension for any one occurrence is \$15,000.

We will not pay for Emergency Vacating Expenses in any one occurrence until the amount of Emergency Vacating Expenses exceeds \$250. No other Deductible applies to this Extension.

II. Subparagraph e. is added to Paragraph 6. Coverage Extensions of Section A. Coverage as follows:

e. Room Reserve Coverage

We will pay for the actual loss of your business income you incur when a "resident's" room is temporarily unoccupied due to an accident or sickness, and you maintain that room for re-occupancy by such "resident". We will pay during the period that:

- (1) begins on the date three days after funding for the "resident's" room has been suspended; and
- (2) ends on the date that such "resident's" room is re-occupied.

The most we will pay under this Coverage Extension is \$5,000 in any one occurrence, and not more than \$25,000 during each separate 12 month period of this policy.

The CAUSES OF LOSS – SPECIAL FORM is amended to include the following:

- I. Subparagraphs 5.b.(1) and 5.b.(2) of Section F. Additional Coverage Extensions are deleted in their entirety and replaced with the following:**
- (1) The disconnection of any refrigerating, cooling, or humidity control system from the source of power, unless such disconnection is caused by your "patient(s)" or "resident(s)".
 - (2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current, unless such manipulation is caused by your "patient(s)" or "resident(s)".

Additional Definitions applicable to this endorsement:

"Patient(s)" means persons who are non-resident recipients of the care services provided by you.

"Resident(s)" means persons residing in and receiving care services provided by your operation.

II. Paragraphs 7. and 8. are added to Section F. Additional Coverage Extensions:

7. Water

We will pay up to \$25,000 for direct physical loss or damage to Covered Property caused by this otherwise excluded Cause of Loss.

We will not pay for loss or damage under this Additional Coverage Extension for:

- a. Business Income or Extra Expense loss; or**

b. Loss or damage otherwise covered by Additional Coverage Extension 4. Back-up of Sewers or Drains;

We will not pay for loss or damage until the amount exceeds the deductible shown in the Declarations. We will then pay the amount of loss in excess of the deductible, up to \$25,000.

8. Earth Movement

We will pay up to \$25,000 for direct physical loss or damage to Covered Property caused by this otherwise excluded Cause of Loss. We will not pay for loss or damage under this Additional Coverage Extension for Business Income or Extra Expense loss.

We will not pay for loss or damage until the amount exceeds the deductible shown in the Declarations. We will then pay the amount of loss in excess of the deductible, up to \$25,000.

All other terms and conditions of the policy remain the same.

Authorized Representative

COMMERCIAL LINES POLICY COMMON POLICY DECLARATIONS



AMERICAN INTERNATIONAL COMPANIES®

70 Pine Street
New York, NY 10270
(212) 770-7000

☐ Granite State Insurance Company ☐ Illinois National Insurance Co. ☐ New Hampshire Insurance Company
(Each of the above being a capital stock company)

RENEWAL OF NUMBER

POLICY NO.

NAMED INSURED

MAILING ADDRESS

POLICY PERIOD: From _____ to _____
at 12:01 A.M. Standard Time at your mailing address shown above.

PRODUCER:

BUSINESS DESCRIPTION

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

	PREMIUM
Commercial Property Coverage Part	\$ _____
Commercial General Liability Coverage Part	\$ _____
Commercial Crime Coverage Part	\$ _____
Commercial Inland Marine Coverage Part	\$ _____
Boiler and Machinery Coverage Part	\$ _____
Commercial Auto Coverage Part	\$ _____
TOTAL	\$ _____
Premium shown is payable: \$ _____ at inception. \$ _____ 1st Anniversary. \$ _____ 2nd Anniversary	

Form(s) and Endorsement(s) made part of this policy at time of issue*:

*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations.

Countersigned:

By _____
Authorized Representative

THESE DECLARATIONS TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART DECLARATIONS, COVERAGE PART COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, ISSUED TO FORM A PART THEREOF, COMPLETE THE ABOVE NUMBERED POLICY.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H. – Definitions**.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this Section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

- (b) Materials, equipment, supplies and temporary structures, on or within 1,000 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises;

But this shall not include any property which you have accepted under a "shipping document" or "storage document", unless such property is reported to us and coverage specifically shown in the Declarations.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building, except as provided under Subparagraph l. in Paragraph 5. Coverage Extensions;

- m. Underground pipes, flues or drains;
- n. "Computer equipment", "media", "electronic data" and "programs" except as provided under Subparagraph i. of Paragraph 4. **Additional Coverages**, and in Section E. **Additional Coverage – Equipment Breakdown** in the CAUSES OF LOSS – SPECIAL FORM.

- o. The cost to replace or restore the information on valuable papers and records, including those which exist as "electronic data". Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as "electronic data".

- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-Owned Detached Trailers.

- q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, signs (other than signs attached to buildings), trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See Causes of Loss – Special Form

4. Additional Coverages

Limits for each additional coverage are in addition to Limits of Insurance for Covered Property shown in the Declarations. Unless otherwise indicated, the property deductible shown in the Declarations shall apply to the Additional Coverages.

a. Debris Removal

(1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

(2) Debris Removal does not apply to costs to:

(a) Extract "pollutants" from land or water; or

(b) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

(a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.

(b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(4) We will pay up to an additional limit, as shown in the Supplemental Declarations, for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus the limit shown in the Supplemental Declarations.

(5) Examples

The following examples assume that there is no coinsurance penalty.

Example #1

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 50,000
Amount of Loss Payable	\$ 49,500
	(\$50,000 - \$500)
Debris Removal Expense	\$ 10,000
Debris Removal Expense Payable	\$ 10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example #2

Limit of Insurance	\$ 190,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 180,000
Amount of Loss Payable	\$ 179,500
	(\$180,000 - \$500)
Debris Removal Expense	\$ 50,000
Debris Removal Expense Payable	
	Basic Amount \$ 10,500
	Additional Amount \$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$180,000 (\$179,500 + \$500) x .25 = \$45,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$179,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$190,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$50,000) exceeds 25% of the loss payable plus the deductible (\$50,000 is 27.7% of \$180,000), and because the sum of the loss payable and debris removal expense (\$179,500 + \$50,000 = \$229,500) would exceed the Limit of Insurance (\$190,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$35,500; \$14,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the limit shown in the Supplemental Declarations for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean Up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is the limit shown in the Supplemental Declarations for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

e. Ordinance or Law

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.
- (5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is the limit shown in the Supplemental Declarations.
- (7) With respect to this Additional Coverage:
- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.
 - (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of **e.(6)** of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in **e.(6)** of this Additional Coverage, is not subject to such limitation.
- f. Recharge of Fire Protection Equipment**
- We will pay your expense to recharge your fire protection equipment:
- (1) If you use your equipment, or the equipment automatically discharges, to protect your Covered Property as a result of a covered cause of loss; or
 - (2) Due to accidental discharge.
- However, we will not pay for:
- (1) Any costs resulting from the enforcement of any ordinance or law that regulates the recharging, repair or replacement of such fire extinguishing device, or fire fighting suppressing or controlling substance;
 - (2) Halon;
 - (3) Recharge of any device used for demonstration or testing purposes; or
 - (4) Recharge due to maintenance of any device or system.
- No deductible applies to this Additional Coverage.
- The most we will pay under this Additional Coverage is the limit shown in the Supplemental Declarations.
- g. Reward Payments**
- In the event of covered loss or damage to Covered Property as a result of arson, theft or vandalism, we will pay for amounts you offer, and subsequently pay, as a reward to anyone other than you, your officers, partners, directors, or any family member(s) of such individuals, or any employee of a law enforcement agency or any employee of a business engaged in property protection, or any person(s) involved in the crime, as a reward for information leading to:

(1) the arrest and conviction of any person(s) responsible for the arson, theft or vandalism loss; or

(2) the recovery of the stolen property.

No deductible applies to this Additional Coverage.

The most we will pay under this Additional Coverage is the limit shown in the Supplemental Declarations.

h. Money and Securities

(1) We will pay for the loss of "money" and "securities" belonging to your business if at the time of the loss, the "money" and "securities" is at the described premises, at a bank or savings institution prior to deposit with that institution, within your living quarters, or in the possession of your partner(s), officer(s) or director(s), or employee(s) authorized to have use and custody of such property, or in transit between any of these places and results directly from:

(a) Theft, meaning the unlawful taking of property to your deprivation;

(b) Disappearance; or

(c) Destruction.

(2) With respect to this Additional Coverage, we will not pay for loss:

(a) Resulting from accounting or arithmetical errors or omissions;

(b) Due to the giving or surrendering of property in any exchange or purchase; or

(c) Of property contained in any "money" operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

(3) A loss caused by one or more persons, or involving a single act or series of related acts, is considered one occurrence.

(4) You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage.

(5) In the event of loss or damage we will determine the value as follows:

(a) "Money" at its face value; and

(b) "Securities" at their value at the close of business on the day the loss is discovered.

(6) "Money" means:

(a) Currency, coins and bank notes in current use and having a face value; and

(b) Travelers checks, register checks and money orders held for sale to the public.

(7) "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or property and includes:

(a) Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and

(b) Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

The insurance provided by this coverage form is extended to cover "money" and "securities" used in your business that are lost, damaged, or destroyed as a result of a covered cause of loss if:

(1) On your premises described in the Declarations or in a federally or state regulated savings or banking institution; or

(2) Away from your premises described in the Declarations while in transit by a person authorized by you, or within the living quarters of someone to whom you have entrusted the Covered Property.

The most we will pay under this Additional Coverage is the limit shown in the Supplemental Declarations.

i. Computer Equipment, Media, Electronic Data, And Programs

The insurance provided by this coverage form is extended to cover "computer equipment", "media", "electronic data", and "programs" which you own, lease, or rent from others, or for which you are legally responsible including the replacement cost to reproduce "programs" that are lost or accidentally erased, including

documentation and source materials, if you actually replace or reproduce them.

Computer “programs” and “electronic data” are covered solely as respects direct physical loss or damage by a “specified cause of loss”, as defined in the Causes of Loss – Special Form.

The most we will pay under this Additional Coverage is the limit shown in the Supplemental Declarations.

j. Lock Replacement

We will pay your necessary expense incurred to replace locks or lock cylinders only after:

- (1) A covered theft of property from any building or structure described in the Declarations; or
- (2) Theft of a key to any building or structure described in the Declarations.

The following additional conditions apply to lock replacement coverage:

- (1) You must notify us and the appropriate law enforcement authority of the theft as soon as practicable; and
- (2) You must replace locks and lock cylinders must within 72 hours of the discovery of the theft.

Under this Additional Coverage, we will not pay for:

- (1) Disappearance of a key, or keys, without evidence of theft; or
- (2) Lock replacement as respects locks or lock cylinders of any motor vehicle, motorized land vehicle, or any other building, structure, room, vault, or other property which is not a part of a building or structure described in the Declarations.

The most we will pay under this Additional Coverage is the limit shown in the Supplemental Declarations.

k. Wind Blown Debris

We will pay your expense to remove debris (including trees) blown onto your premises, as shown on the Declarations, from the premises of others.

The most we will pay under this Additional Coverage is the limit shown in the Supplemental Declarations.

l. Inventory and Appraisal

We will pay up to the amount shown in the Supplemental Declarations for your costs

related to inventory and appraisal, which we require when loss or damage occurs to Covered Property.

However, we shall not be liable under this Additional Coverage for expenses incurred by you in utilizing the services of a public adjuster.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises. Limits for each coverage extension are included in, and not in addition to, Limits of Insurance for Covered Property.

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, that insurance is extended to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, that insurance is extended to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or

- (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

The insurance that applies to Your Business Personal Property is extended to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) The insurance that applies to Your Business Personal Property is extended to apply to the cost to research, replace or restore the lost information on valuable papers and records for which duplicates do not exist.
- (2) Under this Coverage Extension, the most we will pay to research, replace or restore the lost information is the limit shown in the Supplemental Declarations at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance.

We will pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records.

d. Property Off-Premises

- (1) The insurance provided by this Coverage Form is extended to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

e. Your Outdoor Property

Your outdoor property within 1,000 feet of the premises described in the Declarations, including outdoor fences, radio and television antennas (including satellite dishes), signs (other than signs attached to buildings), if direct physical loss or damage is caused by a covered cause of loss.

Your outdoor property does not include sod, trees, shrubs or plants.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Sod, Trees, Shrubs and Plants

Your sod, trees, shrubs, and plants within 1,000 feet of the premises described in the Declarations, if direct physical loss or damage is caused by or results from any of the following causes of loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or civil commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

g. Non-Owned Detached Trailers

(1) The insurance that applies to Your Business Personal Property is extended to apply to loss or damage to trailers that you do not own, provided that:

- (a) The trailer is used in your business;
- (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
- (c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

- (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;

(b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

h. Fine Arts

The insurance provided by this Coverage Form is extended to cover your fine arts at a premises described in the Declarations. Fine Arts means paintings, rare books, manuscripts, pictures, prints, etchings, drawings, tapestries, bronzes, statuary, potteries, porcelains, marbles, and other bona fide works of art; or items of rarity or historical value that you own or are in your care, custody or control.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

i. Salesperson's Samples

The insurance provided by this coverage form is extended to cover property used only for sample purposes that is in the care, custody, and control of any salesperson, located anywhere within the coverage territory.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

j. Accounts Receivable Records

(1) The insurance provided by this Coverage Form is extended to cover your accounts receivable records. Accounts receivable records shall be limited to:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loans required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Reasonable collection expenses in excess of your normal collec-

tion expenses that are made necessary by the loss; and

- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

- (2) This Coverage Extension does not apply to:

- (a) Bookkeeping, accounting or billing errors or omissions; or
- (b) Loss or damage that requires any audit of records or any inventory computation to prove its factual existence.

k. Off Premises Utility Failure

We shall pay for loss of or damage to your Covered Property caused by the interruption of service to the premises described in the Declarations which results from direct physical loss of or damage, by a Covered Cause of Loss, to the following services not on the premises described in the Declarations:

- (1) Water Supply Services, meaning the following types of property supplying water to the premises described in the Declarations:
 - (a) Pumping stations; and
 - (b) Water mains.
- (2) Communication Supply Services, meaning property supplying communications services, including, but not limited to, telephone, radio, microwave, or television services to the premises described in the Declarations, such as:
 - (a) Communication transmission lines;
 - (b) Coaxial cables; and
 - (c) Microwave radio relays except satellites.

This shall not include above ground communication lines.

- (3) Power Supply Services, meaning the following types of property supplying electricity, steam, or gas to the premises described in the Declarations:

- (a) Utility generating plants;
- (b) Switching stations;
- (c) Substations;
- (d) Transformers; and
- (e) Transmission lines.

This shall not include above ground transmission or distribution lines.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

l. Retaining Walls

Coverage for your building is extended to include retaining walls that are not a part of a building, located at the premises described in the Declarations.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

m. Undamaged Leasehold Improvements

If your lease is canceled in accordance with a valid lease provision as the result of direct physical loss or damage, by a Covered Cause of Loss, to property at the location in which you are a tenant, and you cannot legally remove your "Tenants Improvements and Betterments", we will extend Your Business Personal Property coverage to apply to the unamortized value of such "Tenants Improvements and Betterments".

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

B. Exclusions And Limitations

See CAUSES OF LOSS - SPECIAL FORM.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations or any Supplemental Declarations.

The most we will pay for loss or damage to outdoor signs attached to buildings is \$5,000 per sign in any one occurrence.

D. Deductible

1. In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

2. As respects Equipment Breakdown coverage:
The deductible(s) for Buildings and Business Personal Property shown in the Declarations apply(ies) unless a separate deductible for Equipment Breakdown is shown in the Declarations, or by endorsement hereto.

If such deductible is expressed as a percentage of loss, we will not be liable for the indicated percentage of the gross amount of loss, damage, or expense (prior to any applicable deductible or coinsurance) insured under the applicable coverage. If the dollar amount of such percentage is less than the indicated minimum deductible, the minimum deductible will be the applicable deductible.

3. If more than one deductible applies to Covered Property, as a result of one occurrence, you shall pay the highest applicable deductible.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example No. 1:

(This example assumes there is no coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Bldg. 1:	\$ 60,000
Limit of Insurance – Bldg. 2:	\$ 80,000
Loss to Bldg. 1:	\$ 60,100
Loss to Bldg. 2:	\$ 90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

\$ 60,100

– 250

\$ 59,850 Loss Payable – Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable: \$59,850 + 80,000 = \$139,850

Example No. 2:

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1: \$ 70,000
(exceeds Limit of Insurance plus Deductible)

Loss to Bldg. 2: \$ 90,000
(exceeds Limit of Insurance plus Deductible)

Loss Payable – Bldg. 1: \$60,000
(Limit of Insurance)

Loss Payable – Bldg. 2: \$80,000
(Limit of Insurance)

Total amount of loss payable:
\$140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
- (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to **conduct customary operations**.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Branded Or Labeled Merchandise

If Branded or Labeled merchandise is damaged, you may at your own expense:

a. Stamp "salvage" on the merchandise or its containers, if the stamp shall not physically damage the merchandise, or

b. Remove the brands or labels; if doing so shall not physically damage the merchandise. You shall re-label the merchandise or its containers to comply with the law.

If you elect one of these options in Subparagraphs **7.a** or **7.b.**, we shall pay the difference between the salvage value of damaged merchandise with the brand or label attached and the salvage value of damaged merchandise with the brand or label removed.

8. Consequential Damages

We will pay for consequential damages resulting from a partial loss by a Covered Cause of Loss to your Covered Property.

Consequential damages means the loss of value of a part or parts of your product that are not physically damaged and are unmarketable as a complete product.

9. Pair or Sets

We shall pay for loss or damage to a Pair or Set.

In case of loss to any part of a pair or set we may:

a. Repair or replace any part to restore the pair or set to its value before the loss; or

b. Pay the difference between the value of the pair or set before and after the loss.

10. Valuation

We will determine the value of Covered Property in the event of loss or damage, at the time of loss, as follows:

a. Replacement cost, except as otherwise provided in this Paragraph **10**. Replacement cost shall not exceed the smallest of the following amounts:

- (1) The limit of this policy applicable to the lost or damaged Covered Property;
- (2) The cost to repair or replace the Covered Property, or any part thereof, with property of comparable material and quality, on the same premises and used for the same purpose;
- (3) The amount actually and necessarily expended in repairing or replacing the lost or damaged Covered Property;

We shall not pay on a replacement cost basis for any loss or damage:

- (1) Until the lost or damaged Covered Property is actually repaired or replaced; and
- (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If you do not repair or replace the Covered Property, it shall be valued at its actual cash value on the date of loss.

- b. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- c. Labor, materials, and services that you furnish or arrange on property of others are valued based on the actual cost of the labor, materials, and services.
- d. Fine arts are valued at the appraised value at the time of loss, or if there is no appraisal at the greater of:
 - (1) the original acquisition cost, or
 - (2) the market value at the time of loss.
- e. Accounts receivable loss payment shall be determined as follows:
 - (1) When there is proof that a loss has occurred but you cannot accurately establish the amount of accounts receivable outstanding at the time of the loss, the amount of the loss shall be based on your latest monthly statements and shall be computed as follows:
 - (a) Determine the amount of all outstanding accounts receivable at the end of the same fiscal month in the year immediately preceding the year in which the loss occurs;

- (b) Calculate the percentage of increase or decrease in your gross sales of goods and services for the twelve (12) fiscal months immediately preceding the month in which the loss occurred against the twelve (12) months prior to the period determined in step (a);

- (c) The total amount of accounts receivable as of the last day of the fiscal month in which the loss occurs shall be the amount determined in step (a) increased or decreased by the percentage determined in step (b); and

- (d) The established monthly amount of accounts receivable shall be adjusted for the normal fluctuation in the amount of accounts receivable in the fiscal month in which the loss occurs;

- (2) We shall deduct from the established total amount of accounts receivable:

- (a) The amount of any accounts evidenced by records not lost or damaged;
- (b) Any other amounts you are able to establish or collect; and
- (c) An amount to allow for probable bad debts which you normally would have been unable to collect;

- (3) If you recover the amount of any accounts receivable that were included in the amount of the paid loss, you shall return the recovered amount to us, up to the total amount of the paid loss. You shall keep the amount of any accounts receivable you recover in excess of the amount of the paid loss.

- f. "Computer equipment", "media", "electronic data", and "programs" loss payments shall be determined as follows:

- (1) "Computer equipment" is valued at the total cost to repair or replace the damaged property without deduction for depreciation. However, we will not pay more than the smallest of the following:

- (a) The actual cost to repair or replace the lost or damaged property with new property of the same kind, quality and capability, on the same site and used for the same purpose;
 - (b) The Limit of Insurance shown in the Supplemental Declarations for the damaged property.
- (2) "Electronic data" and "programs" are valued at the actual cost to reproduce the data and programs, if you actually reproduce the data and programs. We will also pay any reasonable additional expense that you may incur in reproducing the data and programs to continue your normal computer operations. The most we will pay for this coverage is the Limit of Insurance shown in the Supplemental Declarations.
- We will not pay for data and programs that cannot be reproduced due to lack of backup, support documentation or records unless specified articles are described and agreed values are shown in the Declarations. If shown, we will pay for each article lost at the agreed value.
- (3) Media items are valued at actual cost to repair or replace with similar like, kind and quality, up to the limit shown in the Supplemental Declarations.

- g. At the actual cash value as of the time of loss or damage, if actual cash value is shown in the Declarations.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.
- Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

When:	The value of the property is	\$ 250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$ 100,000
	The Deductible is	\$ 250
	The amount of loss is	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

When:	The value of the property is	\$ 250,000
	The Coinsurance percentage for it is	80%
	The Limit of Insurance for it is	\$ 200,000
	The Deductible is	\$ 250
	The amount of loss is	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$39,750 ($\$40,000$ amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example No. 3:

When:	The value of property is:	
	Bldg. at Location No. 1	\$ 75,000
	Bldg. at Location No. 2	\$ 100,000
	Personal Property at Location No. 2	\$ 75,000
		\$ 250,000
	The Coinsurance percentage for it is 90%	
	The Limit of Insurance for Buildings and Personal Property at Location Nos. 1 and 2 is	
		\$ 180,000
	The Deductible is	\$ 1,000
	The amount of loss is:	
	Bldg. at Location No. 2	\$ 30,000
	Personal Property at Location No. 2.	\$ 20,000
		\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:

- (1) On or after the effective date of this Optional Coverage; and
- (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example:

If:	The applicable Limit of Insurance is	\$ 100,000
	The annual percentage increase is	8%
	The number of days since the beginning of the policy year (or last policy change) is	146
	The amount of increase is \$100,000 x .08 x 146 ÷ 365 =	\$ 3,200

H. Definitions

1. "Computer equipment" means electronic data processing systems including keyboards, display screens, terminals, printers, and related peripheral equipment used solely for data processing operations. "Computer equipment" shall not include such equipment held for sale, distribution, or which is manufactured in the course of your business.
2. "Electronic data" means information, instruction, or "programs" that are recorded on your "media", including original source material used to enter data.
3. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins,

spores, scents or by-products produced or released by fungi.

4. "Media" means magnetic tapes, compact discs, diskettes, disk packs, cards, or other standardized data recording materials which can be read by your "computer equipment".
5. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
6. "Programs" means software that are purchased or written specifically to be used with "computer equipment".
7. "Shipping document" means a tariff document, bill of lading, shipping receipt, freight bill or contract for services.
8. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.
9. "Storage document" means a warehouse receipt, storage receipt, inventory control document or master storage agreement.
10. "Tenants Improvements and Betterments" means fixtures, alterations, installations or additions:
 - a. made a part of a building you occupy, but do not own; and
 - b. you acquired or made at your expense but cannot legally remove.

By signing below, the President and the Secretary of the Insurer agree on behalf of the Insurer to all the terms of this Policy.

PRESIDENT

SECRETARY

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer, either below or on the Declarations page of the policy.

AUTHORIZED REPRESENTATIVE

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m.

Forms a part of Policy No.

Issued to:

By:

EQUIPMENT BREAKDOWN EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – SPECIAL FORM

I. Subparagraph **1.g.** of Section **B. Exclusions** is deleted in its entirety and replaced with the following:

g. Water

- (1)** Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2)** Mudslide or mudflow;
- (3)** Water that backs up or overflows from a sewer, drain or sump; or
- (4)** Water under the ground surface pressing on, or flowing or seeping through:
 - (a)** Foundations, walls, floors or paved surfaces;
 - (b)** Basements, whether paved or not; or
 - (c)** Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

II. Subparagraph **2.d(6)** of Section **B. Exclusions** is deleted in its entirety and replaced by the following:

- (6)** Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for loss or damage caused by that elevator collision.

But if loss or damage as result of mechanical breakdown occurs to “computer equipment”, we shall pay for such loss or damage, subject to all other terms and conditions of this policy.

III. Section **E. Additional Coverage – Equipment Breakdown** is deleted in its entirety.

All other terms, conditions, and exclusions shall remain unchanged.

Authorized Representative

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m.

Forms a part of Policy No. _____

Issued to:

By:

CONTRACTORS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:
BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

The BUILDING AND PERSONAL PROPERTY COVERAGE FORM is amended to include the following:

I. Subparagraphs **2.r.** and **2.s.** are added to Section **A. Coverage** as follows:

r. "Contractor's tools" that you lease, loan or rent to others.

s. "Contractor's tools" while stored underground or operated with any mining or similar underground operations.

II. Subparagraph **4.m.** is added to Section **A. Coverage** as follows:

m. Deferred Payments

We will pay for your deferred payments for direct physical loss of or damage to Covered Property by a Covered Cause of Loss.

Deferred payments means your interest in Covered Property sold by you under a conditional sale or trust agreement or any installment or deferred payment plan after delivery to buyers.

The most we will pay for this Additional Coverage is \$15,000.

III. Subparagraph **5.b.** of Section **A. Coverage** is amended to include the following:

This coverage extension does not apply at any place of residence.

IV. Subparagraph **5.o.** is added to Section **A. Coverage** as follows:

o. Contractor's Tools

The insurance that applies to your Business Personal Property is extended to include "contractor's tools". The most we will pay for this Coverage Extension is:

a. \$ 1,000 any one "contractor's tool";

b. \$25,000 any one occurrence for all "contractor's tools";

Unless another limit is otherwise indicated by endorsement hereto, and a schedule of covered contractor's tools is made a part of this policy.

We will not pay for covered loss to tools in any one occurrence until the amount of loss exceeds \$500. No other Deductible applies to this Coverage Extension.

This Coverage Extension does not apply to loss caused by any mechanical, structural, or electrical breakdown or malfunction including breakdown or malfunction resulting from a structural, mechanical or reconditioning process.

V. Subparagraph **10.h.** is added to Section **E. Loss Conditions** as follows:

- h. "Contractor's tools" are valued at the actual cash value at the time of loss, unless replacement cost is shown in the Declarations, or by endorsement hereto.

VI. Paragraph **11.** is added to Section **H. Definitions** as follows:

- 11. "Contractor's tools" means tools of a mobile nature that you or your employees use in your contracting, installation, erection, repair, or moving, operations, located anywhere within the coverage territory

The BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM is amended to include the following:

Subparagraph **e.** is added to Section **6. Coverage Extension** of Section **A. Coverage** as follows:

e. Contract Penalty

We shall pay for the actual loss that you are assessed, or are required to pay, as a result of failure to provide your product, or service, in accordance with contract terms or conditions. Your inability to provide your product, or service must be the direct result of physical loss or damage to Covered Property by a covered cause of loss.

The most we will pay for loss under this Coverage Extension is \$25,000 per occurrence, subject to a maximum of \$50,000 for all such loss during each separate 12 month period of this policy.

All other terms and conditions of the policy remain the same.

Authorized Representative

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m.

Forms a part of Policy No.

Issued to:

By:

FINANCIAL INSTITUTIONS AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

I. Subparagraph **1.a.(3)** of Section **A. Coverage** is deleted in its entirety and replaced by the following:

(3) Permanently Installed:

(a) Machinery and

(b) Equipment, including vaults, night depositories, and automatic teller machines.

II. Subparagraph **2.a.** of Section **A. Coverage** is deleted in its entirety and replaced by the following:

a. Money, currency, coin, bank notes, Federal Reserve notes, money orders, travelers checks, instruments or contracts that represent money or an interest in property including but not limited to, certificated and uncertificated securities, negotiable instruments, certificates of deposit, drafts, checks, acceptances, evidences of debt, security agreements, withdrawal orders, certificates or origin of title, abstracts of title, letters of credit, warrants, scrip, bills of lading, stamps, tokens, unsold lottery tickets, gems, jewelry, precious metals, and all other property of a similar nature.

III. Subparagraph **2.r.** is added to Section **A. Coverage** as follows:

r. Property that is:

(1) Acquired in any trust, guardianship or estate for which you are acting in a fiduciary or representative capacity; or

(2) Acquired through repossession, foreclosure, deed in lieu of foreclosure, or as mortgagee in possession;

Unless specifically endorsed onto the policy.

IV. Subparagraph **4.h.** of Section **A. Coverage** is deleted in its entirety.

All other terms and conditions of the policy remain the same.

Authorized Representative

SUPPLEMENTAL DECLARATIONS

Limits of Insurance shown below shall apply with respect to Additional Coverages, Coverage Extensions and Additional Coverage Extensions, as provided in the Commercial Property Forms, unless another limit is otherwise indicated in the Declarations or by endorsement hereto.

No coverage is provided by this Supplemental Declarations. Refer to the Commercial Property Forms to determine the scope of your insurance protection.

<u>Additional Coverages</u>	<u>Limits</u>
Debris Removal	\$ 25,000
Fire Department Service Charge	25,000
Pollutant Clean Up And Removal	25,000
Ordinance or Law	250,000
Recharge of Fire Protection Equipment	10,000
Reward Payments	10,000
Money And Securities – On Your Premises	20,000
Money And Securities- Away From Your Premises	10,000
Computer Equipment, Electronic Data, Media And Programs:	
Computer Equipment	250,000
Media, Electronic Data And Programs	100,000
Lock Replacement	10,000
Wind Blown Debris	10,000
Inventory and Appraisal	20,000
Interruption Of Computer Operations	10,000
Additional Coverage – Limited Coverage for “Fungus”, Wet Rot, Dry Rot And Bacteria	15,000

<u>Coverage Extensions</u>	<u>Limits</u>
Newly Acquired or Constructed Property - Buildings	\$ 1,000,000
Newly Acquired or Constructed Property – Your Business	
Personal Property	1,000,000
Personal Effects And Property Of Others	25,000
Valuable Papers And Records (Other Than Electronic Data)	100,000
Property Off - Premises	50,000
Your Outdoor Property	100,000
Sod, Trees, Shrubs and Plants	
Any one Tree, Shrub or Plant	1,000
Any one occurrence	10,000
Non-Owned Detached Trailers	20,000
Fine Arts	25,000
Salesperson’s Samples	10,000
Accounts Receivable Records	100,000
Off Premises Utility Failure – damage to Covered Property	100,000
Retaining Walls	5,000
Undamaged Leasehold Improvements	50,000
Newly Acquired or Constructed Property – Business Income	500,000
Dependent Property	100,000
Off Premises Utility Failure – Business Income	25,000
Lease Cancellation Moving Expenses	5,000

Limitation

Theft of Jewelry, Furs, Stamps and Other Specified Items	\$	2,500 any one item; Maximum 10,000 any one occurrence
--	----	--

Additional Coverage Extensions**Limits**

Property In Transit	\$	50,000
Back - up of Sewers or Drains		50,000
Additional Spoilage		25,000
Virus and Hacking		25,000

Additional Coverage – Equipment Breakdown

Equipment Breakdown	\$	Included
Expediting Expenses		25,000
Hazardous Substances		25,000
Spoilage		25,000
Computer Equipment		25,000
Data Restoration		25,000
Service Interruption		25,000
Business Income		Included
Extra Expense		Included
Dependent Property		Included
Ordinance or Law		Included

Where a Limit of Insurance is indicated as Included, such coverage shall follow the Limit(s) of Insurance provided by the Policy and indicated in the Declarations, unless otherwise indicated in the Equipment Breakdown – Other Conditions Endorsement.

Where any policy deductible, condition, limitation or exclusion for Additional Coverage – Equipment Breakdown is different from those provided by the forms attached to this policy, such deductible, condition, limitation or exclusion for Additional Coverage – Equipment Breakdown, if any, will be indicated in the Equipment Breakdown – Other Conditions Endorsement.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G. – Definitions**.

A. Coverage

1. Business Income

Business Income means the:

- a.** Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b.** Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- a.** Business Income including "Rental Value".
- b.** Business Income other than "Rental Value".
- c.** "Rental Value".

If option **a.** above is selected, the term Business Income will include "Rental Value". If option **c.** above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 1,000 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- a.** The portion of the building which you rent, lease or occupy; and
- b.** Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

- a.** Extra Expense coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income coverage applies at that premises.
- b.** Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See Causes of Loss – Special Form.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Additional Coverage – Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of "electronic data", or any loss or damage to "electronic data", except as provided under the Additional Coverage – Interruption Of Computer Operations.

5. Additional Coverages

a. Civil Authority

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises due to direct physical loss of or damage to property, other than at the described premises, caused by or resulting from any Covered Cause of Loss.

The coverage for Business Income will begin 72 hours after the time of that action and will apply for a period of up to three consecutive weeks after coverage begins.

The coverage for Extra Expense will begin immediately after the time of that action and will end:

- (1) Four (4) consecutive weeks after the time of that action; or
- (2) When your Business Income coverage ends;

whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 1,000 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

- (1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or

- (ii) 180 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or

- (ii) 180 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of "electronic data" due to a Covered Cause of Loss.

- (2) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:

- (a) Coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" and virus or hacking as set forth in the CAUSES OF LOSS – SPECIAL FORM.

- (b) If the CAUSES OF LOSS – SPECIAL FORM is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Interruption Of Computer Operations.

- (3) The most we will pay under this Additional Coverage – Interruption of Computer Operations is the limits shown on the Supplemental Declarations for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

- (4) This Additional Coverage – Interruption in Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in the Supplemental Declarations as referenced above has not been exhausted.

6. Coverage Extensions

These Extensions are additional insurance. The Additional Condition, Coinsurance, does not apply to these Extensions.

Insurance provided by this Coverage Part is extended as follows:

a. Newly Acquired or Constructed Property

- (1) You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- (2) The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is the limit shown in the Supplemental Declarations at each location.
- (3) Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (a) This policy expires;
 - (b) 180 days expire after you acquire or begin to construct the property; or
 - (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

b. Dependent Property

We shall pay for the actual loss of your business income caused by or resulting from:

- (1) the necessary suspension of your operations during the period of restoration; and
- (2) direct physical loss or damage by a Covered Cause of Loss to your dependent property.

Dependent Property means property operated by others which you depend on to:

- (1) Deliver materials or services to you, or to others for your account (Contributing Locations). These services shall not include water, communication, or power supply services;
- (2) Accept your products or services (Recipient Locations);
- (3) Manufacture products for delivery to your customers under contract of sale (Manufacturing Locations); or
- (4) Attract customers to your business (Leader Locations).

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Supplemental Declarations.

c. Off Premises Utility Failure

We shall pay for the actual loss of your business income and extra expense caused by or resulting from:

- (1) the necessary suspension of your operations during the period of restoration;
- (2) direct physical loss or damage by a Covered Cause of Loss to property not on your premises but used to supply you with services by the following utilities:

(a) Water Supply Services, meaning the following types of property supplying water to the premises described in the Declarations:

- (i) Pumping stations; and
- (ii) Water mains.

(b) Communication Supply Services, meaning property supplying communications services, including, but not limited to, telephone, radio, microwave, or television services to the premises described in the Declarations, such as:

- (i) Communication transmission lines;
- (ii) Coaxial cables; and
- (iii) Microwave radio relays, except satellites.

This shall not include above-ground communication lines.

(c) Power Supply Services, meaning the following types of property supplying electricity, steam, or gas to the premises described in the Declarations:

- (i) Utility generating plants;
- (ii) Switching stations;
- (iii) Substations;
- (iv) Transformers; and
- (v) Transmission lines.

This shall not include above-ground transmission or distribution lines.

The most we shall pay is the limit shown on the Supplemental Declarations for loss you incur after the first twenty-four (24)

hours following direct physical loss or damage by a Covered Cause of Loss that disrupted the services provided by the utility companies described above.

d. Lease Cancellation Moving Expense

Extra Expense coverage is extended to include any moving expenses incurred by you, that result from the cancellation of a lease at your premises described in the Declarations, provided that such lease cancellation occurs as a result of direct physical loss or damage to such premises by a Covered Cause of Loss.

The most we will pay for loss or damage under this Coverage Extension is the limit shown in the Supplemental Declarations.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations and New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

- a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b.** The amount of Extra Expense will be determined based on:
- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.
- c. Resumption Of Operations**
- We will reduce the amount of your:
- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
 - (3) If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.
- 4. Loss Payment**
- We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
- a. We have reached agreement with you on the amount of loss; or
 - b. An appraisal award has been made.
- D. Additional Condition**
- Coinsurance**
- If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.
- We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:
- a. The Coinsurance percentage shown for Business Income in the Declarations; times
 - b. The sum of:
 - (1) The Net Income (Net Profit or Loss before income taxes), and
 - (2) Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).
- Instead, we will determine the most we will pay using the following steps:
1. Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
 2. Divide the Limit of Insurance for the described premises by the figure determined in Step 1.; and
 3. Multiply the total amount of loss by the figure determined in Step 2.

We will pay the amount determined in Step 3. or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

1. Prepaid freight – outgoing;
2. Returns and allowances;
3. Discounts;
4. Bad debts;
5. Collection expenses;
6. Cost of raw stock and factory supplies consumed (including transportation charges);
7. Cost of merchandise sold (including transportation charges);
8. Cost of other supplies consumed (including transportation charges);
9. Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
10. Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
11. All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
12. Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example No. 1 (Underinsurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises

would have been	\$ 400,000
The Coinsurance percentage is	50%
The Limit of Insurance is	\$ 150,000
The amount of loss is	\$ 80,000

Step 1: $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step 2: $\$150,000 \div \$200,000 = .75$

Step 3: $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example No. 2 (Adequate Insurance):

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises

would have been	\$ 400,000
The Coinsurance percentage is	50%
The Limit of Insurance is	\$ 200,000
The amount of loss is	\$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$400,000 x 50%). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

- (1) The Limit of Insurance, multiplied by
- (2) The fraction shown in the Declarations for this Optional Coverage.

Example:

When: The Limit of Insurance is \$ 120,000
 The fraction shown in the Declarations for this Optional Coverage is 1/4

The most we will pay for loss in each period of 30 consecutive days is:
 $\$120,000 \times 1/4 = \$30,000$

If, in this example, the actual amount of loss is:

Days 1-30	\$ 40,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$ 90,000

We will pay:

Days 1-30	\$ 30,000
Days 31-60	20,000
Days 61-90	<u>30,000</u>
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) At our request, a Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
 - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit, at our request, a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

Example:

When: The Limit of Insurance is \$ 100,000
 The Agreed Value is \$ 200,000
 The amount of loss is \$ 80,000

Step (a): $\$100,000 \div \$200,000 = .50$

Step (b): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

F. Definitions

1. "Accident" means a fortuitous event that causes direct physical damage to covered equipment. The event must be one of the following:
 - a. mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - c. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - d. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - e. loss or damage to hot water boilers or other water heating equipment caused by

or resulting from any condition or event inside such boilers or equipment.

If an initial "accident" causes other "accidents", all will be considered one "accident". All "accidents" that are the result of the same event will be considered one "accident".

Covered equipment means Covered Property, unless otherwise indicated in the Equipment Breakdown – Other Conditions Endorsement:

- (1) that generates, transmits or utilizes energy, including electronic communications and data processing equipment; or
- (2) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.

None of the following is covered equipment:

- (1) a structure, foundation, cabinet, compartment or air supported structure or building;
 - (2) insulating or refractory material;
 - (3) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - (4) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (5) vehicle or any equipment mounted on a vehicle. For the purpose of this limitation, vehicle means, any machine or apparatus that is used for transportation or moves under its own power including, but not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical power from an external power source will not be considered a vehicle;
 - (6) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (7) dragline, excavation or construction equipment; or
 - (8) equipment manufactured by **you** for sale.
2. "Electronic data" means information, instruction, or "programs" that are recorded on your "media", including original source material used to enter data.
 3. "Finished Stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

4. "Operations" means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

5. "Period of Restoration" means the period of time that:

a. Begins:

- (1) 72 hours after the time of direct physical loss or damage for Business Income coverage; or
- (2) Immediately after the time of direct physical loss or damage for Extra Expense coverage; and
- (3) For equipment breakdown:

- (a) (1) and (2) above shall apply, except;
- (b) If a time deductible is shown in the Declarations, we will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident". If a time deductible is expressed in days, each day shall mean twenty-four (24) consecutive hours; or

- (c) If a deductible is expressed as a number times ADV, that amount will be calculated as follows:

The ADV (Average Daily Value) will be the Business Income (as defined in any Business Income coverage that is part of the policy) that would have been earned during the period of interruption of business had no "accident" occurred, divided by the number of working days in that period. No reduction shall be made for the Business Income not being earned, or in the number of working days, because of the "accident" or any other scheduled or unscheduled shutdowns during the period of interruption. The ADV applies to the Business Income value of the entire

location, whether or not the loss affects the entire location. If more than one location is included in the valuation of the loss, the ADV will be the combined value of all affected locations. For purposes of this calculation, the period of interruption may not extend beyond the "period of restoration".

The number indicated in the Declarations will be multiplied by the ADV as determined above. The result shall be used as the applicable deductible; or

- d. If a deductible for Equipment Breakdown is shown in the Equipment Breakdown – Other Conditions Endorsement, then as respects Equipment Breakdown Coverage, the "period of restoration" will begin immediately after the "accident", and the deductible shown in the Equipment Breakdown – Other Conditions Endorsement will apply;

caused by or resulting from any Covered Cause of Loss at the described premises; and

- b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

If more than one "period of restoration" applies to business income and extra expense coverages as the result of one occurrence, or one accident, the longest single applicable waiting period shall apply.

The expiration date of this policy will not cut short the "period of restoration".

- 6. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

- 7. "Rental Value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
- b. Continuing normal operating expenses incurred in connection with that premises, including:
 - (1) Payroll; and
 - (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

- 8. "Suspension" means:

- a. The slowdown or cessation of your business activities; or
- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income including "Rental Value" or "Rental Value" applies.

By signing below, the President and the Secretary of the Insurer agree on behalf of the Insurer to all the terms of this Policy.

PRESIDENT

SECRETARY

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer, either below or on the Declarations page of the policy.

AUTHORIZED REPRESENTATIVE

CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G. – Definitions**.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.**, Exclusions; or
2. Limited in Section **C.**, Limitations; that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

Except as provided by subparagraph **5.k.** of Section **A.** in the Building and Personal Property Coverage Form, the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to the Business Income coverage or to Extra Expense coverage. Instead, the Special Exclusion in Paragraph **B.4.a.(1)** applies to these coverages.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:

(a) Foundations, walls, floors or paved surfaces;

(b) Basements, whether paved or not; or

(c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

As respects the Additional Coverage – Equipment Breakdown, if electrical “covered equipment” requires drying out because of Water, as described in **g.(1)** and **g.(2)** above, we will pay the direct expenses of such drying out subject to the applicable Limit of Insurance and deductible indicated in the Declarations.

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires.

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

This exclusion does not apply to the extent that coverage is provided by Additional Coverage – Equipment Breakdown.

b. Delay, loss of use or loss of market.

c. Smoke, vapor or gas from agricultural smudging or industrial operations.

d. (1)Wear and tear;

(2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;

(3) Smog;

(4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for loss or damage caused by that elevator collision.

This exclusion does not apply to the extent that coverage is provided by Additional Coverage – Equipment Breakdown.

(7) The following causes of loss to personal property:

(a) Dampness or dryness of atmosphere;

(b) Changes in or extremes of temperature; or

(c) Marring or scratching.

If an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss", "accident", or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss", "accident" or building glass breakage.

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

This exclusion does not apply to the extent that coverage is provided by Additional Coverage – Equipment Breakdown.

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

(1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

j. Rain, snow, ice or sleet to personal property in the open.

k. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, k., does not apply to damage to glass caused by chemicals applied to the glass.

l. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form

We will not pay for:

(1) Except as provided by paragraph **E. Additional Coverage – Equipment Breakdown**, or as provided by subparagraph **6.c.** of Section **A.** in the Business Income (and Extra Expense) Coverage Form, any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

(2) Any loss caused by or resulting from:

(a) Damage or destruction of "finished stock"; or

(b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(3) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(4) Any increase of loss caused by or resulting from:

(a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(5) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(6) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.** Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

(a) Your cancelling the lease;

(b) The suspension, lapse or cancellation of any license; or

(c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

(a) Paragraph **B.1.a.**, Ordinance Or Law;

(b) Paragraph **B.1.c.**, Governmental Action;

(c) Paragraph **B.1.d.**, Nuclear Hazard;

(d) Paragraph **B.1.e.**, Utility Services; and

(e) Paragraph **B.1.f.**, War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written

lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

(i) Your assumption of liability was executed prior to the accident; and

(ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

This limitation does not apply to the extent that coverage is provided by Additional Coverage – Equipment Breakdown.

b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

This exclusion does not apply to the extent that coverage is provided by Additional Coverage – Equipment Breakdown.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

d. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

e. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

a. Animals, and then only if they are killed or their destruction is made necessary.

b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

(1) Glass; or

(2) Containers of property held for sale.

c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

(1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

(2) To Business Income coverage or to Extra Expense coverage.

3. Furs, Jewelry, Stamps and Other Specified Items

The most we will pay for loss of or damage, by theft, to all property shown below is the limit shown in the Supplemental Declarations for any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The property for which this limitation applies is:

- a. furs, fur garments and garments trimmed with fur.
- b. jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. stamps, tickets, including lottery tickets held for sale, and letters of credit.

These limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income coverage or to Extra Expense coverage.

- 4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage:
 - a. Results in discharge of any substance from an automatic fire protection system; or
 - b. Is directly caused by freezing.

However, this limitation does not apply to Business Income coverage or to Extra Expense coverage.

D. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

- 1. The coverage described in **D.2.** and **D.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
- 2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and

- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

- 3. The coverage described under **D.2.** of this Limited Coverage is limited to the limit shown in the Supplemental Declarations. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of the limit shown in the Supplemental Declarations even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.
- 4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- 5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form.
- 6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense coverage form.

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

E. Additional Coverage – Equipment Breakdown

The most we will pay for loss or damage under this Additional Coverage – Equipment Breakdown arising from any one "accident" is the Limit of Insurance shown in the Declarations, or by endorsement hereto. Limits for this Additional Coverage – Equipment Breakdown are included in, and are not in addition to, Limits of Insurance for Covered Property.

- 1. We will pay for direct physical damage to Covered Property that is the direct result of an "accident".
- 2. The following coverages also apply to the direct result of an "accident". These coverages do not provide additional amounts of insurance.

a. Expediting Expenses

With respect to your damaged Covered Property, we will pay for the reasonable extra cost to:

- (1) make temporary repairs; and
- (2) expedite permanent repairs or permanent replacement.

The most we will pay for loss, damage or expense under this coverage is the limit indicated in the Supplemental Declarations.

b. Hazardous Substances

We will pay for the additional cost to repair or replace Covered Property because of contamination by a "hazardous substance". This includes the additional

expenses to clean up or dispose of such property.

This does not include contamination of "perishable goods" by refrigerant, including but not limited to ammonia, which is addressed in **2.c.(1)(b)** below. As used in this Additional Coverage – Equipment Breakdown, additional costs mean those beyond what would have been payable under this coverage had no "hazardous substance" been involved.

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is the limit indicated in the Supplemental Declarations.

c. Spoilage

(1) We will pay:

- (a) for physical damage to "perishable goods" due to spoilage;
- (b) for physical damage to "perishable goods" due to contamination from the release of refrigerant, including but not limited to ammonia;
- (c) any necessary expenses you incur to reduce the amount of loss under this coverage to the extent that they do not exceed the amount of loss that otherwise would have been payable under this coverage.

- (2) If you are unable to replace the "perishable goods" before its anticipated sale, the amount of our payment will be determined on the basis of the sales price of the "perishable goods" at the time of the "accident", less discounts and expenses you otherwise would have had. Otherwise our payment will be determined in accordance with the Valuation condition of the Building and Personal Property Coverage Form.

The most we will pay for loss, damage or expense under this coverage is the limit indicated in the Supplemental Declarations.

d. Computer Equipment

We will pay for loss, damage or expense caused by or resulting from an "accident" to "computer equipment".

The most we will pay for loss, damage or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is the limit indicated in the Supplemental Declarations. Computers used primarily to control or operate "covered equipment" are not subject to this limit.

e. Data Restoration

We will pay for your reasonable and necessary cost to research, replace and restore lost "electronic data".

The most we will pay for loss or expense under this coverage, including actual loss of Business Income you sustain and necessary Extra Expense you incur, if shown as covered, is the limit indicated in the Supplemental Declarations.

f. Service Interruption

(1) Any insurance provided for Business Income, Extra Expense or Spoilage is extended to apply to your loss, damage or expense caused by the interruption of utility services. The interruption must result from an "accident" to equipment, including overhead transmission lines, that is owned by a utility, landlord, a landlord's utility, or other supplier who provides you with any of the following services: electrical power, waste disposal, air conditioning, refrigeration, heating, natural gas, compressed air, water, steam, internet access, telecommunications services, wide area networks or data transmission. The equipment must meet the definition of "covered equipment" except that it is not Covered Property.

(2) Unless otherwise shown in the Declarations or Equipment Breakdown – Other Conditions Endorsement, Service Interruption coverage will not apply unless the failure or disruption of service exceeds 24 hours immediately following the "accident".

(3) The most we will pay for loss, damage or expense under this coverage is the limit that applies to Business Income, Extra Expense or Spoilage, except that if a limit is shown in the Supplemental Declarations for Service Interruption, that limit will apply to Business Income

and Extra Expense loss under this Service Interruption coverage.

g. Business Income and Extra Expense

Any insurance provided under this policy for Business Income or Extra Expense is extended to Equipment Breakdown coverage.

The most we will pay for loss of Business Income you sustain or necessary Extra Expense you incur is the limit shown in the Supplemental Declarations for that coverage.

3. In addition to all other exclusions and limitations, we will not pay under this coverage for loss, damage or expense caused by or resulting from:

a. Any defect, programming error, programming limitation, computer virus, hacking, malicious code, loss of "electronic data", loss of access, loss of use, loss of functionality or other condition within or involving "electronic data" or "media" of any kind. But if an "accident" results, we will pay for the resulting loss, damage or expense; or

b. Any of the following tests:

a hydrostatic, pneumatic or gas pressure test of any boiler or pressure vessel, or an electrical insulation breakdown test of any type of electrical equipment.

c. Misalignment, miscalibration, tripping off – line, or any condition that can be corrected by resetting, tightening, adjusting or cleaning, or by the performance of maintenance. But if an "accident" results, we will pay for the resulting loss, damage or expense caused by that "accident".

4. With respect to Service Interruption coverage, we will also not pay for an "accident" caused by or resulting from: fire; lightning; windstorm or hail; explosion (except for explosion of steam boilers, steam pipes, steam engines or steam turbines); smoke; aircraft or vehicles; riot or civil commotion; vandalism; sprinkler leakage; falling objects; weight of snow, ice or sleet; freezing; collapse; flood or earth movement.

5. With respect to Business Income, Extra Expense and Service Interruption coverages, we will also not pay for any increase in loss resulting from an agreement between you and your customer or supplier.

6. We will not pay under this coverage for any loss or damage to animals.

7. The following conditions are added:

a. Suspension

Whenever "covered equipment" is found to be in, or exposed to a dangerous condition, any of our representatives may immediately suspend the insurance against loss from an "accident" to that "covered equipment". This can be done by mailing or delivering a written notice of suspension to:

- (1) your last known address; or
- (2) the address where the "covered equipment" is located.

Once suspended in this way, your insurance can be reinstated only by an endorsement for the "covered equipment". If we suspend your insurance, you will get a pro rata refund of premium for that "covered equipment" for the period of suspension. But the suspension will be effective even if we have not yet made or offered a refund.

b. Jurisdictional Inspections

If any property that is "covered equipment" under this coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, we agree to perform such inspection on your behalf. We do not warrant that conditions are safe or healthful.

c. Environmental, Safety and Efficiency Improvements

If "covered equipment" requires replacement due to an "accident", we will pay your additional cost to replace with equipment that is better for the environment, safer or more efficient than the equipment being replaced. However, we will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality. This condition does not increase any of the applicable limits. This condition does not apply to any property to which actual cash value applies.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

b. Loss or damage must be caused by or result from:

- (1) A Covered Cause of Loss; or
- (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.

c. The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **F.3.**, does not increase the Limit of Insurance.

4. Back-up of Sewers or Drains

We will pay for direct physical loss or damage to Covered Property solely caused by water or other materials that back up from a sewer or drain.

We will not pay for any loss or damage caused by water or other materials that back up from a sewer or drain when such back up is caused by any flood. Flood means accumulation of

surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether wind driven or not.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

5. Additional Spoilage

Except as otherwise covered by subparagraph **E. Additional Coverage – Equipment Break-down**, we shall pay for loss of or damage to your “perishable goods”, caused by a power outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

- a. Only the following Exclusions in Paragraph **B.1.** of this Causes of Loss Form are applicable to this Additional Coverage Extension:

- (1) Earth Movement;
- (2) Governmental Action;
- (3) Nuclear Hazard;
- (4) War And Military Action; and
- (5) Water.

- b. In addition, the following Exclusions apply to this Additional Coverage Extension:

We will not pay for loss or damage caused by or resulting from:

- (1) The disconnection of any refrigerating, cooling or humidity control system from the source of power.
- (2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
- (3) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (a) Lack of fuel; or
 - (b) Governmental order.
- (4) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
- (5) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

The most we will pay for loss or damage under this Extension is the limit shown in the Supplemental Declarations.

6. Virus and Hacking

We cover direct physical loss to covered “computer equipment”, “electronic data”, “media” or “programs”, and your Web site caused by a computer virus or by computer hacking.

However, we do not cover:

- a. loss of exclusive use of any “electronic data” or proprietary “programs” that have been copied, scanned, or altered;
- b. loss of or reduction in economic or market value of any “electronic data” or proprietary “programs” that have been copied, scanned, or altered;
- c. theft from your “electronic data” or proprietary “programs” of confidential information through the observation of the “electronic data” or proprietary “programs” by accessing covered “computer equipment”, your computer network, or your Web site without any alteration or other physical loss or damage to the records or programs.

Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

Computer hacking means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into “computer equipment”, “electronic data”, “media” or “programs”, a Web site, or a computer network and that results in but is not limited to:

- a. deletion, destruction, generation, or modification of “software”;
- b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of “electronic data”, “media” or “programs”;
- c. observation, scanning, or copying of “electronic data” or “media” and proprietary “programs”;
- d. damage, destruction, inadequacy, malfunction, degradation, or corruption of any “computer equipment” or “media” used with “computer equipment”;
- e. denial of access to or denial of services from your “computer equipment”, your computer network, or Web site.

Computer virus means the introduction into “computer equipment”, “electronic data”, “media” or “programs”, or a Web site of any malicious, self-replicating electronic data processing code or other code and that is intended to result in, but is not limited to:

- a. deletion, destruction, generation, or modification of “electronic data”, “media” or “programs”;
- b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of “electronic data”, “media” or “programs”;
- c. damage, destruction, inadequacy, malfunction, degradation, or corruption of any “computer equipment” or “media” used with “computer equipment”; or
- d. denial of access to or denial of services from your “computer equipment”, your computer network, or Web site.

The most we pay in any one occurrence under this Additional Coverage Extension is the limit shown in the Supplemental Declarations.

The most we pay for all covered losses under this Supplemental Coverage during each separate 12 month period of this policy is the limit shown in the Supplemental Declarations.

G. Definitions

1. “Accident” means a fortuitous event that causes direct physical damage to “covered equipment”. The event must be one of the following:
 - a. mechanical breakdown, including rupture or bursting caused by centrifugal force;
 - b. artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires;
 - c. explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control;
 - d. loss or damage to steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment; or
 - e. loss or damage to hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment.

If an initial “accident” causes other “accidents”, all will be considered one “accident”. All “accidents” that are the result of the same event will be considered one “accident”.
2. “Boilers and Vessels” means:
 - a. Any boiler, including attached steam, condensate and feedwater piping; and
 - b. Any fired or unfired pressure vessel subject to vacuum or internal pressure other than the static pressure of its contents.

This term does not appear in this policy, but may appear in the Equipment Breakdown – Other Conditions Endorsement.
3. “Computer Equipment” means electronic data processing systems including keyboards, display screens, terminals, printers, and related peripheral equipment used solely for data processing operations. Computer equipment shall not include such equipment held for sale, distribution, or which is manufactured in the course of your business.
4. “Covered Equipment”
 - a. “Covered Equipment” means Covered Property, unless otherwise indicated in the Equipment Breakdown – Other Conditions Endorsement:
 - (1) that generates, transmits or utilizes energy, including electronic communications and data processing equipment, or
 - (2) which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
 - b. None of the following is “covered equipment”:
 - (1) structure, foundation, cabinet, compartment or air supported structure or building;
 - (2) insulating or refractory material;
 - (3) sewer piping, underground vessels or piping, or piping forming a part of a sprinkler system;
 - (4) water piping other than boiler feedwater piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
 - (5) vehicle or any equipment mounted on a vehicle. For the purpose of this limitation, vehicle means, any machine or apparatus that is used for transportation or moves under its own power including, but not limited to, car, truck, bus, trailer, train, aircraft, watercraft, forklift, bulldozer, tractor or harvester. However, any property that is stationary, permanently installed at a covered location and that receives electrical

power from an external power source will not be considered a vehicle;

- (6) satellite, spacecraft or any equipment mounted on a satellite or spacecraft;
 - (7) dragline, excavation or construction equipment; or
 - (8) equipment manufactured by you for sale.
5. "Electronic data" means information, instruction, or programs that are recorded on your media, including original source material used to enter data.
6. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
7. "Hazardous Substance" means any substance that is hazardous to health or has been declared to be hazardous to health by a governmental agency.
8. "Media" means magnetic tapes, compact discs, diskettes, disk packs, cards, or other standardized data recording materials which can be read by your electronic data processing equipment.
9. "Perishable Goods" means personal property maintained under controlled conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
10. "Production Machinery" means any machine or apparatus that processes or produces a product intended for eventual sale. However, "production machinery" does not mean any fired or unfired pressure vessel other than a cylinder containing a movable plunger or piston.

This term does not appear in this policy, but may appear in the Equipment Breakdown – Other Conditions Endorsement.

11. "Programs" means software that are purchased or written specifically to be used with "computer equipment".
12. "Specified Causes of Loss" means the following: Fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.

a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:

- (1) The cost of filling sinkholes; or
- (2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- (1) Personal property in the open; or
- (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

By signing below, the President and the Secretary of the Insurer agree on behalf of the Insurer to all the terms of this Policy.

PRESIDENT

SECRETARY

This Policy shall not be valid unless signed at the time of issuance by an authorized representative of the Insurer, either below or on the Declarations page of the policy.

AUTHORIZED REPRESENTATIVE

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m.

Forms a part of Policy No.

Issued to:

By:

EQUIPMENT BREAKDOWN - OTHER CONDITIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CAUSES OF LOSS FORM – SPECIAL FORM

Equipment Breakdown is subject to the Limits of Insurance shown in the Supplemental Declarations attached to and forming a part of this policy, unless otherwise specified below.

<u>Coverages</u>	<u>Limits of Insurance</u>
Equipment Breakdown Limit	\$
Expediting Expenses	\$
Hazardous Substances	\$
Spoilage	\$
Computer Equipment	\$
Data Restoration	\$
Service Interruption	\$
Business Income	\$
Extra Expense	\$
Dependent Property	\$
Ordinance or Law	\$

Deductibles

Equipment Breakdown is subject to the deductibles shown in the Declarations attached to and forming a part of this policy, unless otherwise specified below.

Combined, All Coverages	\$
Direct Coverages	\$
Indirect Coverages	\$
	or _____ hrs.
	or _____ times ADV

Spoilage

\$
or ____ % of loss, \$ ____ minimum

Unless more specifically stated above, Indirect Coverages deductibles apply to Business Income and Extra Expense loss; and Direct Coverages deductibles apply to all remaining loss, damage or expense covered by this Policy.

Other Conditions (any Equipment Breakdown conditions not otherwise indicated above)

All other terms and conditions of the policy remain the same.

Authorized Representative

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m.

Forms a part of Policy No.

Issued to:

By:

BLANKET LIMITS PER PREMISES ENDORSEMENT

This endorsement modifies insurance provided by the policy.

Regardless of the number of buildings located at each premises, the Limit(s) of Insurance as shown on the Declarations for any building on that Premises is deleted and replaced with the Blanket Building and/or Contents Limit of Insurance and the Blanket Business Income Limit of Insurance shown below which applies to all of the buildings located at such premises. The premises numbers which apply to the buildings(s) are shown on the Declarations. The coinsurance percentage shown on the Declarations for a building and/or contents, will apply to the Blanket Building and/or Contents Limit of Insurance shown in the Schedule for the premises where such building is located. The coinsurance percentage shown on the Declarations for business income, will apply to the Blanket Business Income Limit of Insurance shown in the Schedule for the premises where such building is located. The Causes of Loss, Deductible, and Optional Coverages apply to each building as stated on the Declarations.

BLANKET LIMITS PER PREMISES SCHEDULE

PREM. NO. #	Blanket Building and/or Contents Limit of Insurance	Blanket Business Income Limit of Insurance

All other terms and conditions remain remain the same.

Authorized Representative

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m.

Forms a part of Policy No.

Issued to:

By:

MARGIN CLAUSE ENDORSEMENT

This endorsement modifies insurance provided by the policy:

The premium for this policy is based upon the Limits of Insurance shown in the Declarations or on the Statement of Values on file with **us**. In the event of covered loss hereunder, **we** will pay the actual adjusted amount of loss, less applicable deductible(s), but in no event more than the total stated value for all covered property including business interruption and related time element coverages plus 15% of such value, less applicable deductible(s).

For purposes of this endorsement, the total stated value shall be the amount(s) corresponding to each location involved in the loss, shown as Limits of Insurance in the Declarations, or on the latest Statement of Values on file with **us**.

All other terms and conditions remain the same.

Authorized Representative

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or

- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m.

forms a part of Policy

No. issued to

by

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - SPECIAL FORM

- A.** The exclusion set forth in Paragraph **B.1.h** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.1.h.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Policy are hereby amended to remove reference to bacteria:
 - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.1.h.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

All other terms and conditions of the policy remain the same.

Authorized Representative

ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement, effective 12:01 a.m.

forms a part of Policy

No. issued to

by

ARKANSAS CHANGES

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
COMMON POLICY CONDITIONS

A. The following is added to the Common Policy Conditions:

MULTI-YEAR POLICIES

We may issue this policy for a term in excess of twelve months with the premium adjusted on an annual basis in accordance with our rates and rules.

B.1. Except as provided in **B.2.** below, the **Appraisal** Condition, if any, is replaced by the following:

- a.** If we and you disagree on the value of the property or the amount of loss ("loss"), either party may make a written request for an appraisal of the loss ("loss"). However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss ("loss") appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire.
- b.** An appraisal decision will not be binding on either party.
- c.** If there is an appraisal, we will still retain our right to deny the claim.
- d.** Each party will:
 - (1)** Pay its chosen appraiser; and
 - (2)** Bear the other expenses of the appraisal and umpire equally.

B.2. The **Appraisal** Condition in Business Income (And Extra Expense) Coverage Form is replaced by the following:

- a.** If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire.
- b.** An appraisal decision will not be binding on either party.
- c.** If there is an appraisal, we will still retain our right to deny the claim.
- d.** Each party will:
 - (1)** Pay its chosen appraiser; and
 - (2)** Bear the other expenses of the appraisal and umpire equally.

C. The 2-year limitation in the Legal Action Against Us Condition is changed to 5 years.

All other terms and conditions of the policy remain the same.

Authorized Representative

ENDORSEMENT

This endorsement, effective _____ at _____

forms part of _____

Policy no.: _____ issued to: _____

By: _____

ARKANSAS AMENDATORY ENDORSEMENT

Wherever used in this endorsement: 1) "Insurer" means the insurance company which issued this policy; and 2) "First Named Insured", and "Insured" mean the Named Corporation, Named Organization, Named Entity, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

The following is added and supercedes any provision to the contrary:

A. CANCELLATION

If this policy has been in effect for more than sixty (60) days or is a renewal policy, the Insurer shall not cancel this policy unless such cancellation is based upon at least one (1) of the following reasons:

- (a) Nonpayment of premium;
- (b) Fraud or material misrepresentation made by or with the knowledge of the Insured or Other Insured(s) in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (c) The occurrence of material change in the risk which substantially increases any hazard insured against after policy issuance;
- (d) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against under the policy;
- (e) Nonpayment of membership dues in those cases where the by-laws, agreements or other legal instruments of the Insurer issuing the policy require payment thereof as a condition of the issuance and maintenance of the policy; or
- (f) A material violation of a material provision of the policy.

The Insurer may cancel this policy by mailing or delivering written notice stating the reason for cancellation to the First Named Insured and any lienholder or loss payee named in the policy at least:

- a. Ten (10) days before the effective date of cancellation if cancellation is due to nonpayment of premium.
- b. Twenty (20) days before the effective date of cancellation if cancellation is due to any other reason.

If cancellation is due to nonpayment of premium, notice should state the reason for cancellation.

B. NONRENEWAL

If the Insurer decides not to renew the policy, the Insurer shall mail written notice to the First Named Insured shown in the Declarations at least sixty (60) days before:

- (a) its expiration date; or
- (b) its anniversary date, if it is a policy written for a term of more than one year and with no fixed expiration date.

However, the Insurer is not required to send this notice if nonrenewal is due to the Insured's failure to pay any premium required for renewal.

The Insurer will mail its notice to the First Named Insured's last known mailing address. If notice is mailed, proof of mailing will be sufficient proof of notice.

AUTHORIZED REPRESENTATIVE

<i>SERFF Tracking Number:</i>	<i>AGNY-125679679</i>	<i>State:</i>	<i>Arkansas</i>
<i>First Filing Company:</i>	<i>Granite State Insurance Company, ...</i>	<i>State Tracking Number:</i>	<i>EFT \$50</i>
<i>Company Tracking Number:</i>	<i>AIC-08-CP-02</i>		
<i>TOI:</i>	<i>01.0 Property</i>	<i>Sub-TOI:</i>	<i>01.0001 Commercial Property (Fire and Allied Lines)</i>
<i>Product Name:</i>	<i>Commercial Property Extension Program - 151640288</i>		
<i>Project Name/Number:</i>	<i>Commercial Property Extension Program/AIC-08-CP-02</i>		

Rate Information

Rate data does NOT apply to filing.

SERFF Tracking Number: AGNY-125679679 State: Arkansas
First Filing Company: Granite State Insurance Company, ... State Tracking Number: EFT \$50
Company Tracking Number: AIC-08-CP-02
TOI: 01.0 Property Sub-TOI: 01.0001 Commercial Property (Fire and Allied Lines)
Product Name: Commercial Property Extension Program - 151640288
Project Name/Number: Commercial Property Extension Program/AIC-08-CP-02

Supporting Document Schedules

Satisfied -Name: Uniform Transmittal Document-Property & Casualty **Review Status:** Approved 06/17/2008
Comments:
Attachment:
06-06-08 AR PCTD-1 PE (Forms).pdf

Satisfied -Name: Explanatory Memorandum **Review Status:** Approved 06/17/2008
Comments:
Attachment:
Explanatory Memorandum (Forms).pdf

Satisfied -Name: Forms Listing **Review Status:** Approved 06/17/2008
Comments:
Attachment:
AR - Form Listing.pdf

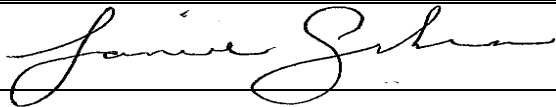
Property & Casualty Transmittal Document

1. Reserved for Insurance Dept. Use Only	2. Insurance Department Use only	
	a. Date the filing is received:	
	b. Analyst:	
	c. Disposition:	
	d. Date of disposition of the filing:	
	e. Effective date of filing:	
	New Business	
	Renewal Business	
	f. State Filing #:	
	g. SERFF Filing #:	
h. Subject Codes		

3. Group Name	American International Group, Inc.				Group NAIC #	012
4. Company Name(s)	Domicile	NAIC #	FEIN #	State #		
Granite State Insurance Company	PA	23809	02-0140690			
New Hampshire Insurance Company	PA	23841	02-0172170			

5. Company Tracking Number	AIC-08-CP-02
-----------------------------------	--------------

Contact Info of Filer(s) or Corporate Officer(s) [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Janine Graham 175 Water Street, 17 th Floor New York, New York 10038	Filings Analyst	(212) 458-7463	(212) 458-7077	janine.graham@aig.com
7. Signature of authorized filer				
8. Please print name of authorized filer	Janine Graham			

Filing information (see General Instructions for descriptions of these fields)

9. Type of Insurance (TOI)	01.0000 Property			
10. Sub-Type of Insurance (Sub-TOI)	01.0001 Commercial Property (Fire and Allied Lines)			
11. State Specific Product code(s)(if applicable)[See State Specific Requirements]				
12. Company Program Title (Marketing title)	Commercial Property Extension Program			
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)			
14. Effective Date(s) Requested	New:	July 7, 2008	Renewal:	July 7, 2008
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
16. Reference Organization (if applicable)	N/A			
17. Reference Organization # & Title	N/A			
18. Company's Date of Filing	June 6, 2008			
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved			

Property & Casualty Transmittal Document—

20.	This filing transmittal is part of Company Tracking #	AIC-08-CP-02
------------	--	--------------

21.	Filing Description [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
------------	--

The referenced companies in Item 4 of this document submit for your review and approval their Commercial Property Extension Program (the “Program”). This Program revises the ISO Building and Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form and Causes of Loss – Special Form.

Please refer to the attached Forms Listing and Explanatory Memorandum for information about the forms included in this submission.

The Program will be rated using the ISO loss costs and rules on file with your Department and the rating rule submitted under SERFF Tracking No. AGNY-125685900.

22.	Filing Fees (Filer must provide check # and fee amount if applicable) [If a state requires you to show how you calculated your filing fees, place that calculation below]
Check #: N/A Amount: \$50.00	
Refer to each state’s checklist for additional state specific requirements or instructions on calculating fees.	

***Refer to the each state’s checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)
 (Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #		AIC-08-CP-02		
2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)				
3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
01	Additional Coverages – Human Services	76030 (4/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Common Policy Declarations	94858 (6/07)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Building and Personal Property Coverage Form	97064 (3/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Equipment Breakdown Exclusion	97065 (4/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Contractors Amendatory Endorsement	97066 (4/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06	Financial Institutions Amdendatory Endorsement	97068 (3/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07	Supplemental Declarations	97069 (3/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08	Business Income (and Extra Expense) Coverage Form	97070 (3/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09	Causes of Loss – Special Form	97072 (5/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10	Equipment Breakdown – Other Conditions Endorsement	97081 (4/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

1.	This filing transmittal is part of Company Tracking #	AIC-08-CP-02
-----------	--	--------------

2.	This filing corresponds to rate/rule filing number (Company tracking number of rate/rule filing, if applicable)	
-----------	---	--

3.	Form Name /Description/Synopsis	Form # Include edition date	Replacement Or withdrawn?	If replacement, give form # it replaces	Previous state filing number, if required by state
11	Blanket Limits Per Premises Endorsement	97091 (5/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
12	Margin Clause Endorsement	97092 (5/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
13	Commercial Property Conditions	97100 (5/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
14	Common Policy Conditions	97101 (5/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
15	Exclusion of Loss Due to Virus or Bacteria	99079 (5/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
16	Arkansas Changes	99019 (5/08)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
17	Arkansas Cancellation/ Nonrenewal Endorsment	52131 (11/03)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
18			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
19			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
20			<input type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		

PC FFS-1

**Explanatory Memorandum
AIC-08-CP-02
Commercial Property**

Submitted for your approval is a new program that revises ISO's Building and Personal Property Coverage Form, Business Income (And Extra Expense) Coverage Form and Causes of Loss – Special Form in order to enhance and clarify coverage. The filing contains the coverage forms above, Common Policy Conditions, Commercial Property Conditions, endorsements and state specific amendatory endorsements.

The program will use our currently filed and approved ISO Commercial Property loss costs and rules.

The following forms are submitted for your approval:

**BUILDING AND PERSONAL PROPERTY COVERAGE FORM - 97064
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM – 97070
CAUSES OF LOSS - SPECIAL FORM - 97072**

Please see PROPERTY COVERAGE FORMS – REVISIONS below for a description of all revisions made to the ISO forms. Please see Exception Page for pricing.

**COMMERCIAL PROPERTY CONDITIONS – 97100
COMMON POLICY CONDITIONS – 97101**

These mandatory forms provide policy conditions to the three commercial property coverage forms. These two forms are the same as the ISO versions.

No additional premium charge.

EQUIPMENT BREAKDOWN EXCLUSION – 97065

This optional form eliminates additional Equipment Breakdown Coverage at the insured's election.

No additional premium charge

CONTRACTORS AMENDATORY ENDORSEMENT - 97066

This optional form provides the value of tools in contents coverage, protects insureds for losses up to sub-limit for work sold under installment sales plan, and extends business income coverage for contract penalties.

No additional premium charge.

FINANCIAL INSTITUTIONS AMENDATORY ENDORSEMENT – 97068

This optional form clarifies coverage by (1) affirming that the company provides coverage for ATM, vaults, night depositories under Building and Personal Property coverage, (2) limiting coverage for foreclosed and repossessed property unless specifically scheduled, and (3) expanding definition of cash and securities within property excluded coverage, as these are customarily covered under a bond.

No additional premium charge.

SUPPLEMENTAL DECLARATIONS – 97069

ADDITIONAL COVERAGES – HUMAN SERVICES – 70630

This optional form revises earlier edition by (1) providing additional coverage for assistance and therapy animals, (2) extending personal effects and property of others coverage to include volunteers, (3) adding room reserve coverage as an extension of Business Income, and (4) adding \$25,000 sub-limits for water and earth movement damage.

Please see exception page for pricing.

EQUIPMENT BREAKDOWN - OTHER CONDITIONS ENDORSEMENT – 97081

This form is mandatory solely when there are differences in terms between the Equipment Breakdown and Property coverages. When such differences exist, this form provides a format to describe such differences.

No additional premium charge.

BLANKET LIMITS PER PREMISES ENDORSEMENT – 97091

This optional form allows the company to provide blanket property damage coverage and business Income coverage for multi-building locations rather than specifically schedule the buildings.

No additional premium charge

MARGIN CLAUSE ENDORSEMENT - 97092

This optional form provides protection in the event that the limits are insufficient to cover a major loss up to 15% over scheduled limits.

No additional premium charge.

Various State Specific Amendatory Endorsements that amend the coverage forms in order to comply with state specific laws and regulations.

PROPERTY COVERAGE FORMS - REVISIONS

This filing revises ISO forms for Building and Personal Property Coverage, Business Income (and Extra Expense) Coverage and Causes of Loss – Special Form, as follows:

ALL FORMS:

- Any Additional Coverages, Coverage Extensions or Limitations have the respective limits shown on the Supplemental Declarations, with appropriate references embedded into the form wordings.
- Any reference to “within 100 feet” is amended to read “within 1,000 feet”.

BUILDING AND PERSONAL PROPERTY COVERAGE FORM (97064):

- Page 2, c. Personal Property of Others: added a qualification as respects property accepted under shipping document or storage document to clarify intent of coverage; however coverage may be provided for these identified exposures, if reported and scheduled;
- Page 2, paragraph 2.l. added an exception per retaining walls for coverage being provided elsewhere in the form;
- Page 2, paragraph 2.n. This paragraph is re-written to show “computer equipment”, “media”, “electronic data” and “programs” as defined terms. Definitions are relocated to the definitions section. The reason for the revision is the addition of coverage terms for these items elsewhere in the form;
- Page 2, paragraph 3., the title is amended to state new Causes of Loss – Special Form;
- Page 3, paragraph 4.a.(4) is amended to reference the “limit as shown in the Supplemental Declarations”. This is done in the first and last paragraphs in 4.a.(4);
- Page 3 and 4, Example 2: the values are amended to appropriately reflect the increased additional limit for debris removal;
- Page 4, paragraph 4.c., is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 4, paragraph 4.d., is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 4, paragraph 4.e., the title is amended to read Ordinance or Law, as it is believed this better defines the coverage provided;
- Page 5, paragraph 4.e.(6), is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 5, the Electronic Data clause is deleted, as this coverage is addressed in the Computer Equipment, Media, Electronic Data, and Programs coverage specifically provided in this form;

- Pages 5, 6, and 7: the following are added as Additional Coverages:
 - Recharge of Fire Protection Equipment
 - Reward Payments
 - Money and Securities
 - Computer Equipment, Media, Electronic Data, and Programs
 - Lock Replacement
 - Wind Blown Debris
 - Inventory and Appraisal
- Page 7, paragraph 5., the lead paragraph is amended to reference “within 1,000 feet” and the last sentence is added which states that the limits for each coverage extension are included in, and not in addition to, the Limits of Insurance;
- Page 7, paragraph 5.a., is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 7, paragraph 5.a.(2) (iii), is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 8, paragraph 5.a.(3)(b) is amended to show 180 days in lieu of 30 days;
- Page 8, paragraph 5.b., introductory paragraph is amended to state coverage “is extended to apply to”;
- Page 8, paragraph 5.b., the last paragraph is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 8, paragraph 5.c., the Valuable Papers and Records (other than electronic data) coverage wording is amended to state that the coverage “applies to your Business Personal Property”, replacing the optional wording of “you may extend coverage”, and it also is amended to reference the “limit as shown in the Supplemental Declarations”. References to the various Causes of Loss Form are deleted, as we will solely be using the Causes of Loss – Special Form with this coverage part. Other slight modification of wording does not diminish the coverage intent;
- Page 8, paragraph 5.d., is amended to state that “the insurance provided by this Coverage Form is extended to apply”, in the lead paragraph, and subparagraph (3) is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 9, Your Outdoor Property is amended:
 - To delete reference to sod, trees, shrubs or plants (as that is added back below);
 - To show “within 1,000 feet”;
 - To provide coverage for loss or damage by a covered cause of loss, in lieu of the previously named causes of loss;
 - Is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 9, Sod, Trees, Shrubs and Plants coverage is specifically addressed. The changes to coverage are:
 - To show “within 1,000 feet”;
 - is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 9, paragraph 5.g. is amended to state that “the insurance provided by this Coverage Form is extended to apply”, and to reference the “limit as shown in the Supplemental Declarations”;
- Pages 9 and 10: the following are added as Coverage Extensions:
 - Fine Arts
 - Salesperson’s Samples
 - Accounts Receivable
 - Off Premises Utility Failure
 - Retaining Walls
 - Undamaged Leasehold Improvements
- Page 10, Section B. Exclusions and Limitations is amended, as we will solely be using the Causes of Loss – Special Form with this coverage part.
- Page 10, Limits of Insurance, deleted reference to “additional limits” as it was previously addressed in the lead paragraphs for both Additional Coverages and Coverage Extensions’
- Page 11, Deductible, added paragraph 2. as respects equipment breakdown coverage, which is added via the Causes of Loss – Special Form;
- Page 13, paragraphs 7, 8 and 9 are added to Loss Conditions, to assure a clear intent of coverage;
- Pages 13, 14 and 15, the Valuation provision is amended:
 - To provide Replacement Cost (with an option for the insured to choose ACV),
 - Valuation provisions are added to address additional coverages provided by this form;
- Page 17, additional Definitions are added as per coverage changes made within the form.

- Page 2, paragraph 3. is amended to show the Causes of Loss – Special Form;
- Page 2, paragraph 4, the ISO paragraph c., being the electronic data definition, is deleted, as we have addressed this in the Definitions section of the form;
- Page 2, paragraph 5.a.(1) is amended to show Four (4) weeks, in lieu of Three (3) weeks;
- Page 3, paragraph c.(1)(b)(ii) is amended to show 180 consecutive days in lieu of 30 days;
- Page 3, paragraph c.(2)(b)(ii) is amended to show 180 consecutive days, in lieu of 30 days;
- Page 3, paragraph d.(3) is amended to delete references to the various Causes of Loss Forms, as we will solely use the Causes of Loss – Special Form with this coverage part;
- Page 3, paragraph d.(3), paragraph (d) of the ISO wording is deleted, as our addition of virus and hacking as a Cause of Loss will address this;
- Page 3, paragraph d.(4) is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 3, paragraph d.(5) is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 4, paragraph 6., the lead paragraph is amended to provide these extensions of coverage and to provide them irrespective of coinsurance application;
- Page 4, paragraph 6.a.(2) is amended to reference the “limit as shown in the Supplemental Declarations”;
- Page 4, paragraph 6.a.(3)(b) is amended to show 180 days, in lieu of 30 days;
- Page 4 and 5, the following Coverage Extensions are added:
 - Dependent Property
 - Off Premises Utility Failure
 - Lease Cancellation Moving Expense
- Page 5, Limits of Insurance, deleted the second paragraph referencing the limit for Coverage Extension, as it is addressed in the lead paragraph for Coverage Extensions;
- Page 8, paragraph 3.a.(1), amended the requirement for a Business Income Report/Worksheet to be “at our request”;
- Page 8, paragraph 3.c. amended to wording to reflect that the Business Income Report/Worksheet is to be “at our request”;
- Page 8, 9 and 10, Definitions, added the following definitions:
 - Accident
 - Electronic data
 - Within paragraph 5. “period of restoration”:
 - Added 5.a.(3) for equipment breakdown, and
 - Added a paragraph at the end of paragraph 5.b. to address any instances where more than one waiting period may apply to a loss occurrence (such as a loss that involves equipment breakdown and another property cause of loss);

CAUSES OF LOSS – SPECIAL FORM (97072):

- Page 2, paragraph 1.e., added exception to the exclusion for Utility Services as respects coverage that is provided via the Building and Personal Property Coverage Form;
- Page 2, paragraph 1.g., added the last paragraph, to include an exception for “drying out” coverage, as provided via equipment breakdown;
- Page 2, paragraph 2.a., added an exception “to the extent that coverage is provided by Additional Coverage – Equipment Breakdown”;
- Page 3, subparagraph 2.d.(6), added an exception “to the extent that coverage is provided by Additional Coverage – Equipment Breakdown”;
- Page 3, paragraph 2.d., the last paragraph, added an exception for an “accident” per equipment breakdown coverage;
- Page 3, paragraph 2.e., an exception “to the extent that coverage is provided by Additional Coverage – Equipment Breakdown”;
- Page 3, deleted the collapse exclusion, as we do not wish to limit loss by collapse, other than if the proximate cause is an otherwise excluded cause of loss;
- Page 4, paragraph 4.a. amended the title to Business Income (and Extra Expense) Coverage Form;
- Page 4, paragraph 4.a.(1), add an exception for loss as covered by the Additional Coverage- Equipment Breakdown and for utility services coverage as provided within the Business Income (and Extra Expense) Coverage Form, as this is the only BI form to be used with this causes of loss form;
- Page 4, deleted the building materials loss by theft exclusion. We will provide coverage for this, subject to all other policy terms and conditions;
- Page 5, paragraphs C.1.a. and C.1.b., added an exception “to the extent that coverage is provided by Additional Coverage – Equipment Breakdown”;

- Page 5, paragraph C.3. added a header to identify the limitation (Furs, Jewelry, Stamps and Other Specified Items), then re-worded this clause such that one per item limit and one per occurrence limit will be applied to this limitation, and that limit is “the limit shown in the Supplemental Declarations”;
- Page 6, deleted the limitation per (Additional Coverage – Collapse) as we eliminated the exclusion for this cause of loss and are providing coverage for loss by collapse, other than if the proximate cause is an otherwise excluded cause of loss;
- Page 6, paragraph D. 3. is amended to reference the “limit as shown in the Supplemental Declarations”;
- Pages 7, 8 and 9, added Additional Coverage – Equipment Breakdown. This wording is based upon terms from our previously filed and approved form for Integrated Property Insurance Solutions (IPIS).
- Page 8, Property in Transit is amended to:
 - Paragraph 1.b.(1) to provide coverage by a covered cause of loss, in lieu of the causes of loss specifically scheduled;
 - Delete the restriction per paragraph 1.b.(3) of the ISO form;
 - Paragraph 1.c. is amended to reference the “limit as shown in the Supplemental Declarations”;
- Pages 9 and 10, add the following Additional Coverage Extensions:
 - Back-up of Sewers and Drains
 - Additional Spoilage
 - Virus and Hacking
- Pages 10 and 11, add Definitions for Accident; Boilers and Vessels; Computer Equipment; Covered Equipment; Electronic Data; Hazardous Substance; Media; Perishable Goods; Production Machinery; Programs, to address the various additional coverages being added.

Forms Listing - Commercial Property Extension Program
AIC-08-CP-02

	Form Title	Form No.	Form Type	New or Replacement	Form No. Being Replaced	Mandatory or Optional	Restricts, Broadens or Clarifies	Rate or Premium Impact	Description of Form
1	ADDITIONAL COVERAGES – HUMAN SERVICES	76030 (4/08)	E	New	N/A	Optional	Broadens	No	Please see explanatory memo
2	COMMON POLICY DECLARATIONS	94858 (6/07)	D	New	N/A	Mandatory	Clarifies	No	Dec Page
3	BUILDING AND PERSONAL PROPERTY COVERAGE FORM	97064 (3/08)	P	New	N/A	Optional	Broadens	Yes	Please see explanatory memo
4	EQUIPMENT BREAKDOWN EXCLUSION	97065 (4/08)	E	New	N/A	Optional	Restricts	No	Please see explanatory memo
5	CONTRACTORS AMENDATORY ENDORSEMENT	97066 (4/08)	E	New	N/A	Optional	Broadens	No	Please see explanatory memo
6	FINANCIAL INSTITUTIONS AMENDATORY ENDORSEMENT	97068 (3/08)	E	New	N/A	Optional	Clarifies	No	Please see explanatory memo
7	SUPPLEMENTAL DECLARATIONS	97069 (3/08)	E	New	N/A	Mandatory	Clarifies	No	Please see explanatory memo
8	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM	97070 (3/08)	P	New	N/A	Optional	Broadens	Yes	Please see explanatory memo
9	CAUSES OF LOSS - SPECIAL FORM	97072 (5/08)	P	New	N/A	Optional	Broadens	Yes	Please see explanatory memo
10	EQUIPMENT BREAKDOWN - OTHER CONDITIONS ENDORSEMENT	97081 (4/08)	E	New	N/A	Mandatory	Clarifies	No	Please see explanatory memo
11	BLANKET LIMITS PER PREMISES ENDORSEMENT	97091 (5/08)	E	New	N/A	Optional	Clarifies	No	Please see explanatory memo
12	MARGIN CLAUSE ENDORSEMENT (Simplified)	97092 (5/08)	E	New	N/A	Optional	Clarifies	No	Please see explanatory memo
13	COMMERCIAL PROPERTY CONDITIONS	97100 (5/08)	E	New	N/A	Mandatory	Clarifies	No	Provides conditions to commercial property coverage forms

Forms Listing - Commercial Property Extension Program
AIC-08-CP-02

	Form Title	Form No.	Form Type	New or Replacement	Form No. Being Replaced	Mandatory or Optional	Restricts, Broadens or Clarifies	Rate or Premium Impact	Description of Form
14	COMMON POLICY CONDITIONS	97101(5/08)	E	New	N/A	Mandatory	Clarifies	No	Provides conditions to commercial property coverage forms
15	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA	99079 (5/08)	E	New	N/A	Mandatory	Clarifies	No	Amends coverage forms in order to comply with state specific laws and regulations
16	ARKANSAS CHANGES	99019 (5/08)	E	New	N/A	Mandatory	Clarifies	No	Amends coverage forms in order to comply with state specific laws and regulations
17	ARKANSAS CANCELLATION/NONRENEWAL ENDORSEMENT	52131 (11/03)	E	New	N/A	Mandatory	Clarifies	No	Amends coverage forms in order to comply with state specific laws and regulations

A = Application
D = Declarations
E = Endorsement
P = Policy
O = Other (Please explain)